



# ***JPRS Report—***

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# **East Europe**

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# East Europe

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6 September 1991

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### French Investigation of Computer Viruses

91BA1028A Paris *LIBERATION* in French  
15 Aug 91 p 18

[Article by Franck Levy and Paul Loubiere: "The Bulgarian Virus, an Export Commodity"]

[Text] French counterespionage has taken an intense interest in computer viruses from Bulgaria. Alerted at the time of the Gulf war, the specialized DST [Directorate for Surveillance of the Territory] sleuths already know a great deal about this curious connection and the first information is finally beginning to filter out.

"The Bulgarians do not only make yogurt," is the ironic observation of one DST official. "They are the leading exporters of computer viruses to France!" And yet, it is rather difficult to determine the origin of a virus. "A virus is above all a set of tricks," explains C2V's Jean-Alain Le Borgne. "In a pinch, one can identify a kind of know-how, a school. In viruses as in legitimate programs, there are detectable programming habits that constitute a kind of computer 'signature.' But viruses often look alike. Sometimes one has but to change two or three codes in an existing virus in order for it to get through security barriers."

Specifically, viruses can evolve from the same stock, but the vaccine cannot foresee all possible evolutions. And while one may in a pinch find the origin of the stock, it is nearly impossible to know who introduced a modification unless the author signs his crime, which actually happens rather often. The purpose of the maneuver: to gain recognition for one's computer savvy! Thus it is that the Bulgarians have attracted the attention of Western companies by sending them a virus. Some even leave their coordinates. "There are signatures on viruses," admits Marc Kawam, an expert from Tel Aviv. "They mainly come from Bulgaria, but from France and Italy as well."

There remains an enigma: Whether from Bulgaria or elsewhere, what could prompt an individual to create a virus? "A virus is a kind of power," answers a security expert. "It therefore attracts all those attracted by power and having the same motivations...." In fact, among the authors or sleeping partners behind viruses, one finds everything from the disgruntled employee to the trickster, including terrorist groups or secret services. Reliable sources claim the notorious "Jerusalem" aimed at paralyzing Israeli computers on 13 May 1988 could not be Israeli. Moreover, the way it struck the country, in several places at the same time, is the sign of a real organization. Nor was the Israeli response long in coming. The country's top experts began to study the

viruses. A few months later, the banks of different countries in the region were hit by an epidemic of viruses. Following a relative lull in the region, the Bank of Kuwait was the victim in its turn of an attack at the beginning of the year.

But why are the Bulgarians the world's main suppliers? For historic reasons, certain governments have acquired the habit of ordering their Kalashnikovs from Czechoslovakia and their viruses from Bulgaria. "Our country is undoubtedly the best medium for viruses," admits Vasselin Bontchev, director of Sophia's "virusology" laboratory. "A third of all computer viruses known to the world were created by Bulgarians." Any person who wants "to supply himself" with a virus therefore knows where to go. "Actually," one technician explains, "if I beat my brains out for two weeks, I am not sure I could develop a virus worthy of the name, but a team that already has a good line of viruses on hand can do so without too much difficulty. All they have to do is tinker with existing viruses and make them evolve, in a sense. The only condition is that they know a minimum of machine language, meaning a language that can go very deeply into the computer." This is all the more true since the cost of a computer scientist in Sophia is a measly \$1 a day!

But this is where things get a bit shaky. One American company that makes antivirus programs to neutralize possible viruses, regularly places orders with the Bulgarians. Officially speaking, it is only a matter of learning what is being hatched in order to learn how to react. Actually, it is a little like the story of the doctor who spread an epidemic in order to attract clients. "In order to be on the leading edge of progress, manufacturers of anti-virus programs are forced to have this kind of contact," reports Daniel Duthil, an official with the Program Protection Agency. The result: antivirus companies anticipate the arrival of Bulgarian viruses.

Furthermore, for Bulgaria and other East bloc countries, viruses are a dream of an opportunity for publicity. After all, if a country is capable of manufacturing viruses, it is also capable of creating real programs and at prices defying all competition. While East bloc countries may not have the hardware, they are a veritable gold mine of computer technicians. Used to hacking out programs on computers with limited capacity, they are forced to make up for their inadequate equipment with software genius.

Some companies are thinking about delocalizing their production and setting up research centers in the East, thereby achieving substantial savings on wage costs. In the end, operation virus does not have solely negative effects.

**Trade With Germany, Community Examined**

*91CH0850A Prague HOSPODARSKE NOVINY  
in Czech 1 Aug 91 p 4*

[Interview with Eng. Jan Garcar, head of the Commercial Section of the Czechoslovak Embassy in Germany, by HOSPODARSKE NOVINY's Bonn correspondent; place and date not given: "Czechoslovakia on the German Market"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] The liberalization of foreign trade and the right of Czechoslovak enterprises to establish direct relations with foreign partners are resulting in a number of positive as well as negative changes.

[HOSPODARSKE NOVINY] To what extent do the economic changes which are occurring in Czechoslovakia have an effect on your work?

[Garcar] As far as the positive changes are concerned, direct contacts between manufacturers in Germany and in Czechoslovakia are now occurring, they no longer require an intermediate link, it is a more rapid and more direct way. However, some of our enterprises lack sufficient experience and, therefore, occasional problems arise in case, for example, one of our manufacturers were to agree on conditions with a German partner which do not reflect international standards as far as the need for payment is concerned. Similarly, valid agreements are occasionally violated. Recently, we are seeing engineering products, for example, machine tools, being exported to Germany by firms which have recently come into being in Czechoslovakia. They are selling these items at lower prices without regard to the question as to who will take care of servicing them. This can be very harmful to us on the local market.

[HOSPODARSKE NOVINY] What is now the main mission of the Commercial Section?

[Garcar] Under the newly developed conditions, it must be configured totally differently. It is necessary to orient the section's work toward creating an export climate and toward supporting Czechoslovak enterprises in their entry onto the market in Germany and in the European Community, in addition to supporting key Czechoslovak commercial and economic policies. We are mostly involved with providing high-quality information to the Czechoslovak Government and enterprise sphere and consulting services to German enterprises. We consider it to be a priority task for the Commercial Section to provide active assistance to our production, particularly the promoting of direct contacts between German firms and Czechoslovak enterprises, given the liberalization of our external economic relationships.

The disintegration of the administrative monopoly and the liberalization of foreign trade activities are resulting in fundamental changes in the commercial-technical processing of the market. This is connected with the second side of the activities of the Commercial Section,

which are handled primarily by representatives of foreign trade enterprises—by their delegates. The work load and statutes under which the delegates operate are not only no longer responsive to developing market conditions in Czechoslovak foreign trade, but are totally atypical from the standpoint of the various forms used to process the German market. A new commercial technical approach toward the German market means that it needs to be processed by Czechoslovak entities, by the establishment of their own representative offices, etc.

[HOSPODARSKE NOVINY] What projects involving mutual collaboration are now being prepared?

[Garcar] A number of negotiations are ongoing between Czechoslovak and German partners with the goal of utilizing the production and technological potential of Germany for the rapid modernization of our industry and particularly its export branches, so as to raise our share in the export of technologically demanding products. Cooperation between some Slovak manufacturers, for example, the Heavy Machinery Plants at Martin with the firm of Hannomag, is expanding successfully at a time when part of the military production in Slovakia is being replaced and when the conversion problem is being solved, at least in part. This collaboration involves the production of construction industry machinery. It involves the mutual delivery of individual components and joint development of new types of machines has even been initiated.

Last year, a number of joint Czechoslovak-German enterprises came into being in Czechoslovakia in the area of engineering production. The area involved is that of the environment, for example, production of desulfurization installations, the interconnection of Bohemian and Bavarian energy grids is being planned, negotiations are ongoing between several Czechoslovak manufacturers and German firms, for example, Siemens, for the modernization of telecommunications, safety equipment for nuclear power plants, television equipment, etc.

[HOSPODARSKE NOVINY] What is the current size of mutual trade between Czechoslovakia and Germany?

[Garcar] Last year, we achieved record sales of 5.78 billion German marks [DM], with exports accounting for DM2.7 billion and imports for DM3.08 billion, so that we have a deficit balance of DM377 million. This cannot be taken as a tragic sign because it is necessary to look at what was imported. This was primarily progressive technology without which we cannot modernize production. In contrast to 1989, Czechoslovak exports increased by 12.6 percent, imports by 8.4 percent, and sales rose by 10.6 percent. I believe that this pace will accelerate further this year, particularly thanks to new coproduction agreements in the engineering industry, in the consumer industries, and in other industries.

[HOSPODARSKE NOVINY] And how do things look with respect to the settlement of accounts receivable left over from the GDR?

[Garcar] This is a question which will occupy us during these months. The banks are now agreeing upon a definitive balance which, according to information available to us thus far, amounts to virtually 700 million convertible rubles to our detriment. This is a result of the fact that the GDR did not fulfill its customer obligations, whereas we did. And the fact that the GDR did not exhaust the sums set aside for tourism.

The coordination of the final balance will give rise to a basis for intergovernmental negotiations, during which there might still even be some occasional demands by our enterprises who were manufacturing exclusively for the GDR which, however, in recent times did not accept any products which had been ordered by contract and the merchandise remained unsold. A serious problem in this regard will be the rate of exchange which will be used to recompute the value of the convertible ruble. Thus far, the coefficient used was that R1 was equal to DM2.34 and the newspaper *HANDELSBLATT* states on this basis that our balance amounts to DM1.6 billion. This coefficient is used unilaterally by the German side and is unacceptable to us. Other countries of the former CEMA group have gotten into a similar situation. Now it will be important to find an optimum way of solving this problem and to take account of even other commercial policy viewpoints.

[HOSPODARSKE NOVINY] How is business continuing with the former GDR?

[Garcar] It has declined substantially and we are now making efforts to tie in with a traditional area of production cooperation, for example, as far as locomotives, streetcars, and transport equipment are concerned. We must realize that the former GDR has become a new market with new enterprises and a new structure. Old contacts exist and it is necessary to establish new ones. Our existing commercial network in West Germany is now also orienting itself toward these five new states, new branches of our commercial firms are being opened there, and commercial delegates are transferring to become independent representatives of those enterprises who dispatched them.

[HOSPODARSKE NOVINY] Is there any German interest in doing business with Czechoslovakia and which of our manufacturers can succeed here?

[Garcar] It cannot be said that the problems which we have at home with regard to the introduction of a market economy and in solving privatization, restitution, etc., are bringing about a lack of interest in Czechoslovakia. Interest here continues, but some unfinished regulations tend to hamper it in certain areas. Offers made by German firms are attractive and their price levels are acceptable—this is true of both imports and also exports. The pallet of our exports to Germany is extremely broad and we anticipate that the structure of our deliveries will improve.

What is involved is that we should not be dependent upon the exports of energy-producing coal, chemical

products with a relatively low degree of processing, or semifinished raw materials. Our exports will have to begin showing more engineering products. Our consumer industries are enjoying great sales here. The export of finished products increased in 1990 by 23 percent and their share in overall exports reached 63.6 percent. As an example, the following commodities are involved: engineering products, clothing and textiles, wood processing products, fancy goods, glass, costume jewelry, beer, food industry products, etc.

[HOSPODARSKE NOVINY] Can it be said that our business people know what the local market requires?

[Garcar] Essentially, I believe they do. Those who have traditionally done business with Germany know how demanding the local market is and how immensely important it is at the present time as far as acquiring credentials is concerned. Anyone who can prevail here can acquire credentials even for doing business in other countries. However, some of our new companies are entertaining romantic notions, of which the hard nature of the local market disabuses them rapidly and they soon recognize what kind of losses they could suffer here. That is why I believe that smaller exporters and those who have had no previous experiences regarding foreign trade, could, in the transition period before they established their own network, make use of the opportunities being offered for a number of years by existing Czechoslovak firms and commercial connections in Germany, as well as avail themselves of the information and consulting services provided by the Commercial Section.

#### Gal's Ideas, Political Stance Assessed

91CH0825A Prague TVAR in Czech 1 Aug 91 p 5

[Article by Miroslav Petrusek: "First-Hand Report on a Stolen Revolution?"]

[Text] Vladimir Meciar was recently quoted in *RESPEKT* as saying the following about his political rival Fedor Gal: "VPN [Public Against Violence] in the given situation conducted a policy which was not altogether clean. Representative of this policy was Fedor Gal about whom the overwhelming majority of the population knows that he is of Jewish origin. I have on several occasions stated publicly that I am against extending the aversion which existed toward his person to other Jews. I am against fanning any wave of anti-Semitism. Fedor Gal provoked by his policies and standpoints. In essence he was showing that he could disdain people, that he did not care a hoot about them. This angered people in Slovakia and some raised also the issue of Jewish religion. But this does not extend to all Jews in Slovakia."

Thank God for the small mercy that it does not extend to all Jews, only to some. Perhaps it is time for a reminder, without any beating about the bush, for Mr. Meciar and not only him that a community in which "the overwhelming majority of the population" is interested in whether someone is a Jew is at least in today's Europe disqualified culturally, politically, and morally. And

perhaps one should add categorically that a virulent nationalism and anti-Semitism are joined vessels.

So Fedor Gal's book *At First Hand* [Z prvej ruky] which a substantial number of Slovak booksellers do not want to handle at all (that too tells something) is one you can read as an authentic story either on "a Jew in politics," or "a prognosticator in politics," "a sociologist in politics," or, at last perhaps more universally, on "an intellectual in politics"—but that Jew business is after all more interesting, isn't it? Gal mentions that phenomenon but really only in passing—how he was spat upon, how his house was vandalized with paint....

I remember one evening in the community house Obecni dum not long after November 1989. During a concert intermission I was taking a walk with a well-known logician who spent the war in Terezin (where Gal was born). We were talking politics and he suddenly: "This Gal, this is a calamity, this is a calamity...." Because at this time Gal did not appear to me as a calamity but rather the contrary, I took the liberty of asking for a more detailed explanation which I promptly received: A Jew in Slovakia should not meddle in politics.... And there you have it.

I read Gal's book with great curiosity, naturally also because I have known the author for a long time. I know that he did not come to the revolution the way a blind chicken finds a corn, that he actively partook in its preparation with friends from the ecological movement, with sociologists, writers, architects, playwrights, economists—in short, the cream of Slovak intellectual life to which he himself has undoubtedly belonged for many years. But my curiosity was satisfied only in part—there isn't that much political scuttlebutt in the book (although there is some) and the time is evidently not yet ripe for great generalizations. It is a book somewhat lacking in style (though in places nevertheless polished more than necessary), to a large extent truly authentic. The distance from events is still too small, indeed virtually none so that almost on every page one feels the vividness of the experience. In a disciplined manner Gal goes after the central themes—the fall of the Communist power monopoly, revolt in the prisons, personnel changes in enterprises, the national and nationality problem and the issue of screenings. At every step he combines personal account with data from public opinion polls (oh, how fickle is this public opinion—who will remember that a year or so ago the most popular were Valtr Komarek and Marian Calfa—in Slovakia!), he confronts his own personal notes with documents both publicized and little known to the public. He has comments on all the important protagonists—those he does not like very much or with whom he simply had to engage in political strife get more (Budaj, Klaus, Markus, Moric, Meciar), those with whom he was directly involved in making weighty policy get substantially less, almost nothing. And this absence is not repaired even by a typology of the personalities of the Slovak political scene added in conclusion. A note on it: Gal has, as is of course customary in European culture, ten of these types (three would be too few, seven would be suspect). So there—

platform leaders, strategists, workers of the revolution, post-speaker leaders, specialists-experts, monastics, and then—subversives and connivers, leeches, traitors and outcasts. Characterization of the first six types is pregnant, kindly and emphatic (it totally defies understanding where Meciar with his "overwhelming majority" got the notion that Gal despises people and does not care a hoot about them); characterization of the remaining four is missing: Gal says coyly that he "does not feel like writing about them" which I understand, but he also adds that "it is not worth it," which is a sociological error of the first rank. Every society and every movement is characterized very strongly by what may be called constant fringes—numerically small, seemingly marginal groups of people who pop up always and everywhere but in the various societies and movements are a) represented in differing proportion and b) have significant specific characteristics. It is precisely these fringes which often tell even more about a movement than the characterization of strategists, leaders, experts.

Our revolution was a revolution of the intellectuals and at the same time one with a numerically very small group of these "constant fringes:" there were some but very few. And they popped up in an orderly proportion only when the revolution descended to its, albeit predictable, yet to its actors always perplexing, stage of "stabilization"—according to Gal, the stage of "institutionalization, transition to the formal rules of the game and the ensuing splitups." In this period the revolution may begin devouring its own children, a phenomenon notoriously well known from both the French and the Russian revolutions. Or it may rid itself of them in other ways and at least cast them out. There begin to emerge post-speaker leaders who simply appropriate the revolution. Or—steal it? In his mild polemics with the students who introduced the term of a "stolen revolution" Gal says that "a revolution cannot be stolen, a revolution can be only wasted and the simplest way how this wasting can be explained later is by proclaiming that it had been stolen."

So I don't really know. The metaphors are attractive and a thorough analysis of our revolutionary cycle (and it is essentially a standard and often described cycle—see Brinton, Sorokin, Krejci—of Lancaster, not Prague) has not yet been undertaken by anyone. The situation in Slovakia seems (not in the least thanks to Gal's political activity and now also to his book) more transparent: Those who initiated the revolution, provided its strategic concept, are suddenly disappearing from the visible political scene; they move on not only to high offices of the grey eminences as would seem at first sight but also outside political office or to subaltern political positions where they at least try to salvage what can be salvaged. And their places are being taken by aggressively pushing post-speaker leaders—they may be those fighters for God, language, and nation who never led the national revolt against totalitarianism but now the more insistently lead it—against democracy. These leaders are dangerous in their tendency by which Gal characterizes one of them—to have a simple solution for every

complex problem, a solution they know how to explain with dazzlingly simple logic. Now two things come to mind. To an entire generation of Czech intellectuals comrade Stalin was associated with "brilliant, simple, and iron logic"—for that logic I would not give a wooden nickel today. And then there is the wise saying: Each complicated problem has several simple solutions understandable to all and guaranteed wrong.

Gal's little book which I here warmly recommend to the Czech reader if for no other reason than enabling us to jointly attempt breaching the Slovak bookseller embargo, does not offer simple solutions. But it suggests the logic of future developments and it would be my wish to see Gal the prognosticator not mistaken this time in his optimistic vision. But many things indicate that this time, alas, he may not be right.

**Compensation for Victims of Political Persecution**  
**Rehabilitation Committee Statement**

*91CH0775A Budapest MAGYAR NEMZET  
in Hungarian 17 Jul 91 p 3*

[Report by "kurcz": "Independent Rehabilitation Committee's Standpoint on Compensating the Victims of Political Persecution"]

[Text] At the general meeting of the Committee for Historical Justice, the prime minister definitely promised that a [new] bill on compensating the victims of political persecution in recent decades, especially the ones who had been deprived of their freedom, would be introduced in the National Assembly by this fall. On Tuesday, the Independent Rehabilitation Committee, which comprises the representatives of four voluntary associations, elaborated its standpoint that answers the questions put to it by the Ministry of Justice. Dr. Tibor Zimanyi, the president of the Recsk Association, briefed our paper on the details of the committee's standpoint.

Dr. Tibor Zimanyi, a deputy of the National Assembly, began by announcing that the Independent Rehabilitation Committee [hereinafter: the committee] has resumed its activity. The committee is made up of delegates representing four voluntary associations: the Recsk Association, the Alliance of Hungarian Political Prisoners, the Committee for Historical Justice, and the Association of Hungarian Resistance Fighters. Earlier the committee had suspended its activity. The reason why resumption of the committee's activity has now become necessary, Zimanyi explained, is that the advisory board appointed to assist the Compensation Office, which the government had established last fall, practically dissolved itself since then. (Rather than being the representatives of various organizations, the advisory board's members were highly respected persons without any parliamentary background, although they too had suffered political persecution.) The management [of the Compensation Office] had completely frustrated the activity of the advisory board, and seven of its members resigned already in March. Because the government has done nothing on behalf of the one-time victims of political persecution, the organizations to which the overwhelming majority of these victims belong will be representing their interests.

As Tibor Zimanyi noted, earlier the Compensation Office had requested that inquiries regarding pending supplementary-pension claims be deferred until the end of May. But now it is mid-July and inquiries about the pending claims will certainly be made, because their disposition cannot be delayed any longer. He expressed doubt that the Compensation Office, with its present capacity, would prove equal to its task and be able to fulfill expectations to the complete satisfaction of every former victim of political persecution.

The point has finally been reached, Zimanyi said, where the Ministry of Justice has agreed to draft a bill on

compensating the former victims of political persecution. Previously the drafting of such a bill had been the task of a minister without portfolio but was then assigned, in the wake of personnel changes, to the Ministry of Labor, where capacity for it was lacking. That is why the enactment of such legislation has been delayed for so long, Zimanyi emphasized. Actually the legislative process is where it was under the Nemeth cabinet. Then the government of the day had already been forced to produce a compensation bill, but it was set aside because of the change of regimes. Zimanyi recalled that he and Deputy Imre Mecs had introduced countless motions to amend the compensation bill during its parliamentary debate, but they withdrew their motions when the justice minister made a definite promise [to introduce a new bill].

Zimanyi spoke of the questions that the Ministry of Justice had put to the committee. These included, among others, the question whether the period covered by the compensation bill's provisions should begin with 1939? Naturally, the committee's answer to that was Yes. A unanimous decision was adopted yesterday also on identifying the measures that had severely restricted personal freedom. In the committee's opinion, imprisonment based on a court sentence unquestionably belongs here; furthermore, forced labor in the theater of operations (but only supplementary pensions are recommended for forced labor at home); forced labor in the Soviet Union—i.e., by those who had been rounded up for "a little bit of work"—and sentences imposed by Soviet courts; also internment, detention in the Recsk forced-labor camp, administrative banishment, and deportation. But only supplementary pensions are recommended for the former victims subjected to [judicial] local banishment, forcible eviction, or compulsory medical or psychiatric treatment by court order. The committee proposed that the compensation claims of the victims of reprisals against Hungarians in the neighboring countries be considered on a case-by-case basis. In the committee's opinion, labor extracted from prisoners of war after six months from the signing of the armistice ought to qualify as forced labor. The amount of compensation should not be differentiated according to the various forms of the deprivation of freedom. But the compensations paid to survivors of the victims who were sentenced to death and executed should be the highest of all. The committee recommends awarding a lump-sum compensation in such cases, half in cash and the other half in the form of an annuity. In the committee's view, victims who were sentenced to life imprisonment should be treated the same way. The committee pointed out that the survivors of victims who had been hauled off to the Soviet Union could not be excluded from compensation for the survivors of deceased victims; after all, the forced labor performed in the Soviet Union had been based on a decree of the Hungarian Government. The committee felt that a supplementary pension equal to that of a victim held in the Soviet Union for six years would be equitable compensation for the survivors of the forced laborers who died there.

The important problem was raised of what to do about compensating [the survivors] in cases when the victims died in penal institutions without a final sentence or during the criminal proceedings, were murdered without due process, perhaps driven to suicide, shot and killed at the border while attempting to escape, or shot and killed in the 1956 revolution, during a demonstration, for instance. The committee expressed itself in favor of treating such cases the same way as the ones involving executed victims. It established that no distinction must be made in the mode of compensation depending on whether "direct state action" or "state decision" caused the victim's death. The committee deemed it advisable to pay survivors half of the awarded compensation immediately, and the other half in the form of an annuity. In compensating survivors, the committee felt, the primary claimant ought to be the victim's surviving spouse; and in the absence of a surviving spouse, the victim's children; but not the victim's grandchildren. The committee also established that entitlement to compensation ought to be measured in terms of months rather than days, with each partial month counting as a whole month; and that the compensation bill must also redress the imposed fines, confiscations of property, and court costs. The committee urged that the annuities be provided in the form of negotiable instruments, so that they could be passed on to heirs. In any event 30 percent of the awarded claim ought to be paid in a lump sum, and the balance in the form of an annuity.

#### Injustices Not Yet Redressed

91CH0775B Budapest MAGYAR NEMZET  
in Hungarian 16 Jul 91 p 5

[Interview with Tibor Kalmar, president of the National Association of Hungarian Labor-Service Draftees and Forced Laborers; place and date not given: "Rehabilitation Is a Dead Letter"]

[Text] In his exasperation, Tibor Kalmar has turned to the public for help. He is the president of the National Association of Hungarian Labor-Service Draftees and Forced Laborers. The association's members had been drafted into labor service after World War II [or had been forced laborers during or after the war].

[Kalmar] Rehabilitation is a dead letter in Hungary today. Moral support from the country's leaders is in vain. Gyorgy Szabad, for instance, wrote me a personal letter. Regrettably, even measures issued with the best of intentions can become stalled. We are living under intimidation.

[MAGYAR NEMZET] What do you mean by intimidation?

[Kalmar] The members of our association have gone through a lot. Therefore they are more sensitive than the average person. It is enough to shout at us, and we burst into tears.

[MAGYAR NEMZET] Can things like that happen even in 1991?

[Kalmar] We get dozens of letters from our members who are requesting assistance. Very many of them are complaining that they are not being treated as human beings. At our wits' end, we have decided to send our complaints to the International Court of Justice in The Hague, because we have nowhere else to go.

[MAGYAR NEMZET] Have the domestic courts dismissed your actions?

[Kalmar] The illegalities were legal according to the old statutory regulations. One has to be of a superior intellect to see clearly in these matters. Let me give you an example. My daughter's grandfather disappeared in 1953. They took him away, and he has not been heard from since. What happened has not been clarified legally to this day.

[MAGYAR NEMZET] Perhaps you should turn to the Alliance of Hungarian Political Prisoners.

[Kalmar] That is a quixotic struggle. Most persons who had been administratively banished and former forced laborers have no legal training and are unable to act on their own behalf. If they do succeed in achieving something, it unfailingly stalls somewhere.

[MAGYAR NEMZET] Could you give me a specific example?

[Kalmar] Up to 1988, I was never able to obtain a passport. Therefore my daughter, who is a university student, and I have never been abroad. As a one-time MAV [Hungarian State Railways] employee, I should be entitled to a free pass, but have been denied even that. The overwhelming majority of our association's members do not even dream of full compensation, but we should be getting the allowances to which we are anyhow entitled. My experience is that there is procrastination in these matters until we tire of them or die.

[MAGYAR NEMZET] How much subsidy is your association receiving from the state budget?

[Kalmar] Not a penny. I even have to pay the association's postage from my own [monthly] pension of 7000 forints.

Victims of persecution because of their race, on the basis of the Nuremberg laws' local adaptation that was extremely injurious to them, are [also] members of the National Association of Hungarian Labor-Service Draftees and Forced Laborers. Actually the one-time Jewish forced laborers have not received any compensation from the Hungarian state, despite the fact that the Paris Peace Treaty obligates Hungary to pay them compensation.

Henceforth these forced laborers will be getting a supplementary pension of 500 forints [a month] based on their first year of forced labor, and 250 forints for each

subsequent year or part thereof. The Hungarian state, it is hoped, will also recognize that call up and stigmatization solely on the basis of race were equivalent to unlawful imprisonment for political reasons.

### Serious Financial Woes Afflict Military

*91CH0834A Budapest MAGYAR HIRLAP  
in Hungarian 7 Aug 91 p 5*

[Unattributed article: "The Army Does Not Even Have Money To Manage Itself"]

[Text] Following German unification, an idea suddenly emerged: Maybe we could acquire from the former GDR's military arsenal equipment no longer needed to replace the Hungarian Army's obsolete technical armaments. Officials have repeatedly pointed out that we would gladly accept certain Soviet military technology, but the German side seems to be postponing a decision. Of course, this is a political issue in which NATO also has a say.

We learned from Defense Ministry officials that at present there is no money to buy new or even used armaments, nor does anyone want to purchase the former GDR's equipment. It was thought that if Soviet equipment were discarded or perhaps destroyed during integration of the German armed forces, the Hungarian Army might be able to obtain some of the equipment free of charge. Today it is increasingly evident that the favorable political moment is past and that chances are slim the Germans will make such a gesture. At the same time, several developing and East European countries have shown an interest in Soviet military technology, for which they would gladly pay.

We found out there is only enough money in this year's military budget to buy spare parts. For this reason, a German gift would have been welcome, and for another reason, too: Prices on the Soviet market have risen sixfold and sevenfold following the changeover to dollar transactions.

Officials predict no improvement in next year's budget, the same as this year's plus an allowance for inflation, or 60-70 billion forints. They will submit their modernization plan to parliament, as is customary in the United States, for example. They will prepare several versions but do not count on receiving a single cent for modernization.

Right now it would be premature to speak about aspects of development, but it is certain that the time to operate some military equipment will soon expire—aircraft cannot be piloted beyond the permitted flight time, for example—and other armaments must be replaced because of poor technical quality. The cost will likely be hundreds of millions of forints: After all, the 12 planes of a single air squadron cost more than a hundred billion.

The current view is that one-third of the new technology will be obtained from Western countries, one-third from

traditional East European markets, and the rest from domestic manufacturers. Because of the crisis in the Hungarian electronics industry, there is little chance of buying modern equipment here at home. Thus the United States' decision, as reported by the news services, to end the ban on sales of weapons to East European countries is merely another opportunity that, for the time being, the Hungarian Army cannot take advantage of.

### New Play Reflects Mixed Feelings Toward Kadar

*91CH0816A Paris LE MONDE in French 4-5 Aug 91 p 3*

[Article by Yves-Michel Riols: "Hungarians Try To Exorcise Uneasiness of Kadar Years"—first paragraph is LE MONDE introduction]

[Text] Although the Communist Party is no longer represented in Parliament, there are still those who look back nostalgically at the regime of the former dictator, who died in June 1989. A play by Antal Vegh is trying to break the taboo for the first time.

Budapest—How can he rest in peace? Surprisingly, Janos Kadar's small, unobtrusive grave is located midway between two other monuments symbolizing the bitter paradoxes of his existence: On one side is the imposing pantheon to the labor movement, still adorned with the motto "They lived for Communism and the people," and on the other is the fragile wooden totem pole, resembling those in Transylvanian cemeteries, which was erected in memory of the victims of the insurrection of 1956. Even dead, the former Communist leader, who died in June 1989 at the age of 77 years, continues to be haunted by his pitiful fate.

And yet, nearly 10,000 followers came to pay him homage on Saturday, 6 July, the second anniversary of his burial. Under a blazing sun, the speakers were interrupted by cries of "Long live the Party," and the group dispersed calmly after singing the "Internationale" one last time.

"That is certainly proof that the spirit of Janos Kadar is still alive," declares Gyula Thurmer, 38, the young president of the Hungarian Communist Party—the minority that has remained hard-line—without batting an eye. But in the legislative elections of March 1990, his group did not achieve the minimum 4 percent required for representation in Parliament. And the once all-powerful Communist Party now shares its headquarters with a privately owned furniture distributing company named Royal.

Is the spirit of Kadar alive? The most striking thing is the heavy silence surrounding those years. It is a silence which sustains the void and leads to every kind of exaggeration. It explains why Gyula Thurmer can continue to defend "the human grandeur of Kadar" even though a minister in the conservative government recently declared that "Kadar was guiltier than Szalasi,"

the leader of the neo-Nazi movement who was responsible for the deaths of hundreds of thousands of Jews and was convicted of crimes against humanity following the war.

Historian Gyorgy Litvan notes: "For a large portion of the population that is remote from political turmoil, the Kadar years represent a more stable, more balanced, and calmer era; it is certain that some people feel nostalgia for those years." Their nostalgia is nourished by worry about a future that now seems uncertain and economically unstable. But despite that, Janos Kadar—the man who reigned over contemporary Hungary longer than anyone except Emperor Franz Josef—remains remarkably absent, buried in a memory that is omnipresent but unable to express itself. Only the writer Antal Vegh, a polemicist who, incidentally, is much challenged, has dared to break the taboo. While his play "Episodes in the Life of a Governor," which opened in Budapest in January, was not a great success, it nevertheless marked the first time that the life of the former Communist leader had been portrayed on the stage.

As usual, Vegh did not pull his punches. He chose to take the derisive approach in illustrating the life of Janos Kadar, who had presided over the destiny of the Hungarian People's Republic for 33 years. It was derisiveness with tragicomic accents and was drawn from the "Old Man's" actual career. Janos Kadar came to power in the wake of the Soviet tanks on the morning of 4 November 1956, and he died on the very day that Prime Minister Imre Nagy, the spiritual father of the 1956 Revolution, was being officially rehabilitated. And journalist Mahaly Sukosd reports that while he was alive, "Kadar never uttered the name of Imre Nagy. He always said 'him.'"

Vegh's adaptation—an hour and a half of provocation to review 40 years of history—is purposely caricatured. Janos Kadar, who was an energetic 17-year-old member of Communist Youth, a worker, and a resistance fighter before becoming Andropov's protege in 1956, is depicted as a cowardly and servile man who betrayed his people and ended his life tormented with remorse and rejected by his party since March 1988. That picture is superficial, of course. And even though Vegh does not throw any new light on the life of the former secretary general, he is the first to dare tackle the Kadar phenomenon. But, as evidence of the uneasiness, four directors quit, and the actors left one after the other. Finally, only a comic actor agreed to play the part of Kadar, commonly known as "Janos Bacsi" (Mr. John).

"We are in the midst of collective repression," says writer Istvan Eorsi indignantly in a scathing book about the leaden years in Hungary.<sup>1</sup> He observes that in the final decades, Kadar's image changed from that of "despised traitor to that of father of his country." But delving into the subject of Kadar also means facing a lack of sources. Two years after his death, no one has yet been able (or willing?) to write the biography of the man who so dominated the Hungarian scene. But how can one

paint the portrait of someone who spoke so seldom about himself and about whom all anyone knows is that he liked to play chess?

As for the wife of the former dictator, Marika, she refuses to grant any interviews and lives a secluded life in her modest three-room house on Rose Hill in Budapest. Above all, however, the Ministry of Interior's files have not yet been opened. And in the opinion of researchers, most of the interesting documents are still in the files of the Socialist (formerly Communist) Party, which carefully filters what may and may not be divulged. A void gradually came to surround Kadar, and the question marks are multiplying. "It is not just the Kadar era that poses a problem," says Istvan Eorsi. "Hungarian society is still unable to accept all of its 20th-century history. The conservative coalition in power is now trying to present our country as a permanent victim that is never responsible. It is trying to throw the blame for all our sufferings onto the USSR. But one reason why Kadar survived as long as he did was that his regime was accepted by a large part of the population."

As he progresses in his research, Emile Horn, curator of the Museum of Contemporary History in Budapest, asks himself more and more questions. He is currently preparing an exhibit on the life of Kadar. Last year he opened the first exhibit on the Stalin years in Hungary. Its success was considerable. Hence the idea of continuing the work with a retrospective on Kadar. But his project has been delayed, and he is being cautious. "There are about 10 crucial people who do not want to talk," he says, "and there are still many shadowy areas concerning the events of 1956 and the intervention in Prague in 1968. Kadar took a lot of secrets with him to his grave."

Emile Horn, who was a Communist until 1953, refuses to show any leniency toward that recent past. "Kadar's puritanism created an impersonal cult in the service of a spineless and petty dictatorship." But Kadar was not a bloody tyrant or an enlightened despot. Detested by some and despised by even more, he feeds ambivalence. According to Vegh, "he made a compromise with the people. In an effort to win forgiveness for 1956, he filled our refrigerators by increasing the national debt. In exchange, he was able to reign under Moscow's benevolent gaze."

The Kadar years have barely ended, and they are unquestionably causing uneasiness. And everyone is handling it in his own way. Vegh the polemicist is rejecting that period through provocative writing. Historians such as Horn are considering it with a series of questions. But both are expressing the same rejection: the rejection of a past made up of lies. It now remains to fill another void: the writing of the history of the Kadar years.

#### Footnote

1. Istvan Eorsi, *Ah! The Good Old Days*, Christian Bourgois Publishing House, 376 pages, 150 francs.

**Lewandowski Elaborates on Sector Privatization**

*91EP0663A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 23 Jul 91 p I*

[Article by Ada Kostrz-Kostecka: "Sector Privatization Program"]

[Text] "We do not want state interventionism and imposition of decisions from above about the fate of particular firms. We want to create a foreground for privatization that will then be able to proceed along different routes," said the minister of ownership transformation, Janusz Lewandowski, introducing the sector privatization program during an "Interpress" conference on 22 July.

There had been various sector studies done before but, according to Ministry of Ownership Transformation representatives, they had been intended to merely reflect the existing state of affairs. Right now emphasis is placed on forecasting for the future. The essence of the present sector approach lies in combining an analysis of the current economic situation and potentials of firms in a particular sector (not necessarily following its statistical branch divisions) with the strategy of ownership transformation and foreign capital policy.

Since ownership transformation decisions will have long-term effects, they cannot be improvisations. They have to incorporate such considerations as intersector relations and cooperation, credit, customs and tax policies, as well as resulting effects in the social sphere.

Minister Lewandowski announced there were currently 34 sector privatization programs in preparation. They included the following industries: machine tool, car, antifriction bearing, ship building, aviation, packaging, rubber, pharmaceutical, commercial chemistry, paints and varnish, cement and lime, commercial glass, shoe, meat, sugar, beer, sugar beet processing, tobacco, and construction.

For the time being the programs include 143 firms of different size—such firms, for instance, as "Polfa," "Stomil," "Pollen," "Ponar" (the former machine tool association), as well as "Polar" from Wroclaw, "Wawel" Sugar Plant from Cracow, Poznan Herb Processing Plant "Herbapol," Tobacco Products Manufacturing Plant, Glass-Works "Hortensja" from Piotrkow Trybunalski, "Tarnow" and "Sandomierz," Nitrogen Plant "Pulawy," Oil Pipeline Enterprises "Przyjazn" in Plock, and Petroleum Products Center CPN.

The list is open and, according to Minister Lewandowski, expected to get longer. There are 79 State Treasury partnership companies and 263 state enterprises that are being considered.

In practice, program implementation will be carried out with the help of a financial adviser for each sector, who will either act alone or in cooperation with consulting firms.

In phase one the financial adviser will analyze the current policy and strategy to be applied in a particular sector and will examine its domestic and foreign links. State policies toward sector firms will also be included in the analysis, such as state customs policy, export quotas, etc.

Phase two will be an analysis of the total situation of each firm followed by task formulation. "We believe," said deputy minister Jacek Siwicki, "that at this stage precise plans for restructuring will be presented and ways of privatization specified, for example, whether to sell to strategic national and foreign investors, or by means of a public auction. Leaving certain firms as state owned is not excluded."

Finally, the last phase will be the implementation of proposals accepted by the Ministry of Ownership Transformation. Financial advisers will systematically report on the progress of work in their sectors. A finalized study will be presented to representatives of the Ministry of Ownership Transformation and the Ministry of Industry, with directors of firms involved as observers.

The first such presentation, involving the commercial chemistry sector, will take place this coming Wednesday, 24 July. The next sectors will be beer and the pulp and paper industry.

**Government Rural Policies Attacked in Sejm**

*91EP0657B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Jul 91 p II*

[Article by Edmund Szot: "One Week Before Harvesting; Optimistic Generally, Tragic Locally"]

[Text] A government report on the implementation of Sejm resolutions on issues in the jurisdiction of the Sejm Commission for Agriculture and the Food Industries was the topic of the meeting of the commission on Wednesday. However, all authorities prefer to discuss what will be done rather than what they were supposed to do. This is why Deputy Minister Henryk Antosiak referred deputies to an appropriate document and devoted his presentation to preparations for harvesting grains and other crops.

The overall thrust of the presentation was that things should not be bad. There will be more space than last year in the warehouses; there are credits for procurement; the ARR [Farm Market Agency] will be in operation; the grain crop also promises to be quite good (26.5 million tons). To be sure, the ARR does not have money now, but it has the promise of the Ministry of Finance. Perhaps there will also be a quota of refinancing credit for banks extending loans for the procurement of farm products.

One of the deputies commented on the deputy minister's presentation: What appears optimistic generally is tragic locally. Statements by other deputies suggested that the picture painted by the deputy minister was a little too

rosy. Some of the PZZ [State Grain Elevators] are threatening not to begin procurement at all. Gmina cooperatives likewise do not have money for procurement. If wet grains are harvested, the cost of harvesting and drying may exceed the cost of the grain. One of the deputies predicted that the peasants are not going to harvest rye at all. Loan preferences are too small; it may be good to determine right now where the farmers are supposed to dump the grain: in front of the Ministry of Agriculture or the Ministry of Finance.

When discussion finally got back on the proper track, it turned out that the document presented to the deputies... is disrespectful of them and that... a meeting of the government on the topic of agriculture needs to be convened immediately. The situation in agriculture is the reverse of what was outlined in the beginning, i.e., generally tragic and possibly optimistic only locally. The deputies maintained that the government does not implement the resolutions of the Sejm. For this reason, the effectiveness of the operation of the Sejm Commission for Agriculture and the Food Industries is minimal. Preferential loans for fertilizer acquisition have been of little use. There has been retrogression with regard to subsidies for biological improvement. A shameful defeat occurred concerning the issue of customs duties on food imports. Success on the issue of water supply in the rural areas turned out to be illusory—to this day, not a single zloty has been transferred from the budget to this end. Also, no satisfaction has been given on the issue of punishing those guilty of various machinations. A resounding charge was leveled: The government acts to the detriment of the people and agriculture. It prefers to hold meetings with swindlers rather than deputies.

As you can see, they do not particularly mince words during the meetings of the Sejm Commission for Agriculture and the Food Industries. However, a majority of the deputies did not support the proposal to discontinue its activities. It was said that they should work more vigorously instead, because Polish agriculture will collapse otherwise.

One of the members of the commission commented: "It has collapsed already. No sector can survive under such economic conditions." According to this deputy, one can "break even" growing wheat only at yields of 70 quintals per hectare; farmers have to subsidize each hog to the tune of 200,000 zlotys, each liter of milk—2,000 zlotys, and each head of cattle—1 million zlotys.

This deputy merely expressed the conviction common in the rural areas. This is why the general tenor of statements by deputies is hardly surprising (several months before elections), especially given the fact that perhaps aid to agriculture should be greater indeed.

### Government Intervention Necessary in Rural Policy

91EP0657A *Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 18 Jul 91 p III

[Article by Edmund Szot: "The Market Will Not Give a Boost to Agriculture"]

[Text] The position paper by the SGGW [Main School of Rural Economy] senate, "Economic Policy of the State and Agriculture," states: "Agriculture and the rural areas of Poland were not given their due either in the doctrines of socioeconomic development or in political and economic practice."

However, the senate did not particularly succeed in substantiating the historical aspect of this assertion. In the opinion of the senate, the Second Republic could not help the rural areas, whereas the People's Republic of Poland did not want to help them from the beginning. In the view of the senate, only dramatic resistance by the rural population prevented collectivization, which was the objective of people's power from the beginning. This is an excessive generalization. Except for the Gryfice incident, during which acts of terrorism with regard to peasants were indeed allowed to occur, the peasants did not have to offer resistance anywhere else, to say nothing of "dramatic" resistance. The authorities did not push collectivization through because they did not have money for it.

That "the lowest level of income" was characteristic of Polish agriculture in the late 1980's is another falsehood. After all, this was perhaps the only period since the war when farmers achieved a favorable disparity in incomes, and for a year their incomes were even higher than those of the nonagricultural population.

Likewise, the assertion that "sociological and psychological foundations for underrating and neglecting the role and functions of agriculture and the rural areas unparalleled in European cultures" have accumulated within Polish society is an egregious exaggeration. As it is, such attitudes may be encountered in many other countries; in our country, they are merely a reflection of an historic stage in the development of Polish society, a considerable segment of which has remained an infantile community.

Also, we cannot agree with the statement that the state does not have a policy with regard to agriculture. As it is, it does have a policy, commensurate with funds which it can allocate for its implementation. It is just that the policy is such as the funds allow.

It is not only the senate that views the current situation in agriculture with concern and expresses the opinion that it is necessary "to resolutely undertake planning, organizational, and socioeconomic efforts."

What would be the goal of these efforts? An adequate level of production of healthy and inexpensive foodstuffs, a certain market for them, guarantees of profitability, funds for modernization and structural changes in agriculture, infrastructural development, the rational use of potential, preserving the quality of the natural environment, and the progress of civilization.

In the opinion of the senate, all of these goals will not be achieved exclusively due to a market economy and exclusively with the resources of agriculture itself. After all, nothing of this nature has worked out anywhere in the world; therefore, a consistent and organized intervention by the state is necessary in the country as well. Among other things, a redistribution of incomes is an important goal of such intervention because it follows from the very nature of agriculture that the use of the factors of production and labor is less efficient here than in other sectors. This may indeed be the case.

However, it is difficult to go along with the statement that expensive foodstuffs are not the result of the high cost of production in agriculture, and that high prices are caused only by the high share of the costs of processing and distribution. The fact that the productivity of labor of the Polish farmer is seven times lower than that of the Western farmer also has certain consequences, namely, that society has to pay for this work at least to the extent that the farmer can get by. It is another matter that the farmer is not happy with this pay. Besides, those who pay for this work and allocate more than one-half of their incomes for foodstuffs are equally unhappy. When subsidies for foodstuffs were canceled, these two facts which the previous system hid behind the screen of social policy were merely revealed.

The SGGW senate sets various tasks for the intervention of the state in the agricultural market, among others, ensuring the profitability of production, leveling income differentials within agriculture, stabilizing income differentials over time, and so on. This is supposed to occur through a system of intervention prices, or minimum guaranteed prices adjusted for the magnitude of the inflation index. In the opinion of the SGGW senate, these prices should be 15 to 20 percent lower than market prices, and should not put an excessive dent in the budget, or cause retail prices to grow. At the same time, they should counteract extensive overproduction which plagues the EEC countries.

Producing healthy foodstuffs is an opportunity for Polish farmers. This would be favored by our current... lag in the use of chemicals. However, export subsidies are also likely to be necessary even for such foodstuffs, i.e. produced in a healthy environment. This is why no credit should be given to the view, promoted in particular by the so-called peasant parties, that it is possible to secure high proceeds from food exports. The SGGW senate refers appropriately to "subsidization to a modest extent." In general, the senate recommends moderation in market intervention in its entirety (and rightly so). The senate also observes correctly that a genuine market

will not operate in the absence of a chain of exchanges, auctions, exhibitions, fairs, banks, and so on, as well as prompt and generally available information about demand, sales, and prices.

The proposal of the SGGW senate that market regulation in its entirety be concentrated in a single central institution for the affairs of the farm market, and that the market intervention policy of the state be implemented through the Fund for Market Intervention, is interesting.

Agriculture in Poland should be modernized during a period of especially difficult conditions when we cannot count on increased employment in the cities, to say nothing of an opportunity to get an apartment. This is why the state should support a multifunctional development of the countryside. The agricultural function of the countryside is becoming less significant in all developed countries, whereas industrial, tourist, service, and ecological functions are gaining. The development of these functions is needed in particular in areas where the process of depopulation has already begun, which threatens the rural areas with degradation.

The SGGW senate observes correctly that sources for financing market intervention and for structural changes are an essential issue. Outlays for them should be provided by the entire society; at issue is the manner in which it will be effected, and specifically what the contribution of the budget and of the growth of food prices to this should be. In the opinion of the senate, the use of budget funds to this end should be considerable, in view of the low level of wages and incomes. I for one would vote for higher prices, which would be accompanied by the growth of incomes. After all, intervention by the budget may once again contribute to obscuring the costs.

The SGGW senate cautions: "We cannot delay the development of a comprehensive program for the economic policy of the state with regard to agriculture and a program for rural development. Intervention is effective when problems are in the process of developing rather than when they explode."

I have never seen "exploding problems," but I have seen what sort of problems develop when an explosion has come about. I believe that the SGGW senate desires exactly that the explosion not happen.

#### **Successful Sale of Used German Farm Machines**

*91EP0657C Warsaw RZECZPOSPOLITA  
(ECONOMY AND LAW supplement) in Polish  
20-21 Jul 91 p I*

[Article by Krystyna Grzybowska, "Machinery From German Companies"]

[Text] Bonn—On Friday, the results of a campaign for the delivery of used agricultural equipment to Polish farmers were summarized. The campaign was carried out jointly by the German companies Reiffeneigenbank

and Hagma (private merchants belong to the latter) and the Union of Farmers Solidarity. As Deputy Antoni Furtak who was engaged in negotiations said, the campaign was a tremendous success. Agricultural equipment worth a total of more than 7 million marks reached Polish consumers directly.

Machinery offered by German partners was sold to farmers at considerably lower prices. Funds generated by these sales were fully sufficient to cover the costs of transportation, insurance, and costs of sale. Out of the profits of 3,000,300,000 zlotys generated in the course of this transaction, which was favorable for farmers, 1 billion zlotys was donated, in keeping with the wishes of the donors, as additional financing for the Meat Packing Enterprise in Blonie, specifically to purchase a new production line. The remainder was allocated for buying spare parts for machinery donated by the German side, provided, as Deputy Furtak stressed, that these parts will be sold to farmers at one-half of their actual cost.

On Friday, Deputy Furtak also held talks at the Ministry of Agriculture of this country. He told me that the German side is planning to offer training to farmers, together with the Union of Farmers Solidarity. The cost of this training is estimated to be 300,000 marks, which the German side will provide.

Two groups will receive training. The first will be a small group of service specialists. The other group will consist of farmers who will gain or expand their knowledge in the field of new technologies in agriculture.

Training will take place in Poland at agricultural consulting centers and in agricultural schools. The Union of Farmers Solidarity will ensure coordination.

It appears that the organizers of this very useful campaign learned the proper lesson of the notorious church foundation for agriculture. This time, aid was transferred directly to farmers, without the State Treasury, parishes, centralized distribution, and so on as middlemen. The aid was businesslike and, in part, provided for a fee that was psychologically significant.

### Industrial Investments Continue To Decline

91EP0664A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 3-4 Aug 91 p II

[Article by Ada Kostrz-Kostecka: "No Economic Revival"]

[Text] The days of extravagant investments have ended. For the third year in a row investments in the entire economy are steadily shrinking. In the first half of this year, approximately 13 percent less has been invested than a year ago. The degree of regression, according to the Central Planning Administration [CPA], is already a threat to the restructuring of the economy. It is causing investments to be extended, thereby increasing their costs.

The size of the drop is attributed primarily to the fact that approximately 20 percent less money was spent on construction-assembly jobs. The same amount of machines and equipment was bought as a year ago (counting in comparable prices), but 15 percent more of them were imported and less came from domestic production.

Last year's trend to reduce the number of machines to be replaced was halted, which, given the high degree of their tendency to wear out and the increasingly greater disinvestment in production plants, is a good sign. Of the zlotys spent during the first six months of last year on investment purposes, 35 percent was designated for machines and equipment, and in industry alone—55 percent. During the same period this year, the figures were 40 percent in the entire economy, and 58 percent in industry.

But the progress was too small to have a decisive effect on the structure of outlays, which, according to CPA, continues to be worse than in the mid-1980's. A comparison with 1988 shows that in recent years more economies were made in purchases of investment assets than on construction jobs.

Returning to the current year: It appears that the winding up of investments does not mean that the focus is simply on the renewal of the assets already possessed. In the first six months of this year, as reported by the Main Office of Statistics, 18 percent fewer investment tasks were begun than in the same period last year, but their total cost-estimate value (in comparable prices) was larger, which leads us to conclude that some new large jobs were begun.

And that is precisely what happened. In the coal industry, the construction of a 700 extraction level in the "Saturn" Hard Coal Mine in Czeladz was begun, as well as an open-pit in the "Kazimierz-Polnoc" Brown Coal Mine in Konin Voivodship. In transportation, electrification of the Olsztyn-Elblag railroad line, construction of a National Regional Traffic railroad line in Chorzow, as well as a railroad station in Czestochowa, was begun, and the Krakow Main station is being enlarged. In communication, a new digital telephone exchange is being installed in Czestochowa, as well as international and intercity telephone exchanges in Poznan. In the municipal economy, the largest item is a sewage-treatment plan in the Siekierki suburb of Warsaw.

The savings in investments were made necessary by the needs of the times—the financial situation of the enterprises was steadily growing worse. In the first quarter, after settling their accounts with the State Treasury, the enterprises still had 2.4 billion zlotys left, and after five months, their financial result was already 1.5 billion less than the debits to the State Treasury. But it, too, saved on investments: With the passage of 41.5 percent of the time, i.e., to the end of May, it designated 5 billion zlotys for investments, i.e., 20.5 percent of the sum provided for the entire year in the budgetary law.

The gasping economy was not even able to absorb foreign credits, despite the fact that they are cheaper than domestic credits (the average interest rate is 12 to 18 percent). Of the credits granted in 1990 and to the end of June 1991, and the offered credits and guarantees of international organizations totaling \$6.4 billion, \$5.2 billion may be allocated for investments. Meanwhile, the banks granted credits totaling \$1.4 billion, and the money payments were many times smaller.

CPA forecasts that over the period of a year, investment outlays in the state economy will be lower than last year, although their structure will be somewhat better. However, in the nonagricultural private sector some greater movement should occur. Two forecast variants are presented.

According to the first, in the entire economy, 10 percent less will be invested this year than last year. In the state sector, it will be 13 percent less, and in the private sector, 2 percent more. According to the second variant, investments will be 5 percent lower, with 7.5 percent less spent for these purposes in the state sector, and 5 percent more in the private sector, than a year ago.

### Gminas Criticized at Forum on Municipal Economy

*91EP0664B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 1 Aug 91 p I*

[Article by Ada Kostrz-Kostecka: "What Is Going On in the Gminas?"]

[Text] The gminas constitute a vital part of the process of transforming the economy. Despite the fact that they are scattered and differ from one another, it can be said, without having to make any penetrating analysis, that their progress in ownership transformations is not great.

That was the assessment made by Janusz Lewandowski, minister of ownership transformations, as he opened the forum arranged under the theme "Municipal Economy—Changes and Threats," in Poznan on 31 July. The participants included voivodes from the following voivodships: Kalisz, Gorzow, Konin, Leszno, Pilsk and Poznan, and representatives of self-management regional councils and the Poznan chapter of the Liberal-Democratic Congress. Papers were delivered by employees of the Market Economy Research Institute in Gdansk and the Ministry of Ownership Transformations.

Jerzy Giera said that by virtue of the laws on territorial self-management and on self-management employees, the local self-managements took over more than 900 public utility enterprises and approximately 600 enterprises operating under general rules, for whom the founding organs were the heads of the towns and gminas, and also approximately 50 smaller enterprises, such as the State [Agricultural] Machine Stations, veterinary establishments, and so forth.

The units taken over operate under the rules designated by the law on state enterprises, but by the end of the year, the gmina councils must choose a new form of legal organization for them. In accordance with the government draft law on the economic activity of gminas (there are two draft laws, as Minister Lewandowski later explained in the discussion: the government's draft and the deputies' draft—this law should see the light of day at the beginning of September), the gminas will be able to transform a large part of the enterprises into companies, by a simplified procedure. This will apply to commercial operations; however, in the public utility enterprises, State Treasury plants and civil-law contracts with individuals will be permitted.

Tadeusz Aziewicz talked about establishing democracy in the gmina. He was critical of the arrangement of political forces and the qualifications of the new authority, which is not capable of efficient leadership.

We must act and we do not know how, because we see no future—said one of the participants, Marian Gryt, mayor from Tuliszw near Konin, voicing his doubts. In responding, Minister Lewandowski agreed that the regulations are constantly changing, but this is unavoidable when transformations are being made.

—Listening to these papers I am indignant. You are talking about nothing and we want specifics—said the next discussant, which brought him applause from the hall. It was possible to ward off a further stormy discussion and the papers that followed, in the afternoon, were delivered in abbreviated form.

According to Krzysztof Dobrowolski, who delivered the next paper, the transformation of municipal enterprises is being impacted negatively by the existing laws. We do not know what is going to happen to them because at the end of December they will lose their present legal status. We do not know whether new municipal enterprises can be established. Only recently has it become clear as to whether they have the right to use land in perpetuity, thanks to the amended law on land management. But there is still no decision as to the transfer, without payment, of buildings built out of an enterprise's own funds.

The problem is also the reluctant, and even hostile, attitude of the employees of these enterprises regarding ownership transformations. The basic problem is controversial: whether gminas should conduct economic activity at all, because this leads to a monopoly reminiscent of a state monopoly, or whether the gminas should be satisfied with taxes alone.

In the housing economy, said Witold Toczyński, it appears to be impossible to have full privatization and establish a market, but we should work toward having citizens bear more and more of the costs of maintaining a dwelling. Transformations in the housing economy should begin with liquidation of the Municipal Housing Enterprise, reduction of subsidies from the State Treasury (which this

year will amount to 27 billion zlotys), and creation of housing agencies to conduct housing policy strategy in the gminas.

Boleslaw Kosciukiewicz talked about the management of land, for which the gminas, in his opinion, are not yet prepared. New land-use planning laws must still be passed that will take into account the market character of

the economic system. The law on construction must also be changed.

In summing up the forum, the head of the Office of the Council of Ministers, Minister Krzysztof Zabinski, said that this year will bring many new self-management laws. The creation of a Ministry of Public Administration will help to speed up the process of ownership transformations in gminas. A draft law has already been sent to the Sejm.

**PNL's Radu Campeanu Surveys Political Scene**

*91BA1032A Bucharest BARICADA in Romanian  
6 Aug 91 pp 10-11*

[Interview with Radu Campeanu, president of the National Liberal Party, by Liviu Valenas; place and date not given: "I Will Defend a Constitutional Monarchy"]

[Text] [Valenas] Mr. Campeanu, I would like to begin by asking you what you think of the recent signing of the so-called "Charter for Reform and Democracy?"

[Campeanu] Hmm, what do I think? Some days ago a friend was telling me that he was surprised that this "Charter" had not been signed earlier! Because it constitutes an association between three parties which in the next elections would not have won any senator or deputy "seat," whereas now, by hanging on to the coattails of the National Salvation Front [FSN], they may manage to get something.... With the exception of the Agrarian Party, which indeed won nine deputy seats in the previous election, but which is not sure of winning any again. To me, and even to anyone not familiar with politics, this association is not at all surprising. It is a move, a political maneuver that does not change anything in the political game in the country. Why did the FSN, which is of course the uncontested leader of this association, make this move? Probably in order to create the impression of a somewhat more open association, considering the fact that the Front is rapidly losing momentum in the country. So it is normal that it should grab at any opportunity, even if it's obvious. So this "Charter" is not in the least surprising, nor does it change any of the data of the Romanian political configuration.

[Valenas] But don't you think that this Charter will nevertheless have some political impact, even a great political impact, in the sense that some situations will be sorted out and some confusions dispelled?

[Campeanu] Here you're quite right, that's it! It is a sorting out that we had long suspected. You're right, it is a clarification. This time everyone joined the side they deserved and the side to which they had access. They agreed to go with the FSN, while we stayed in the opposition. It's simple, it's clear, and indeed this was an illuminating thing for the Ecology Movement of Romania [MER], because the MER still had some "opposition claims."

[Valenas] Do you agree with the general view of the MER's past one and a half years of activities, namely that what counted for them was not the "ecology" and "democracy," but financial interests?

[Campeanu] Hmm, I wouldn't want to go as far as to make such a categorical statement. There have been, of course, financial interests; the fact is that the MER meant almost nothing politically throughout its one year and two months of activity, i.e., after the elections. Whether it was justified or whether it pursued only financial activities, that I cannot tell!

[Valenas] But, going back to the MER, don't you think that the cornerstone for them is the Ecological University, notwithstanding all their financial issues and shady arrangements with the authorities?

[Campeanu] It is quite possible that one of the arguments that brought about this odd and in fact superfluous "association" with the FSN was the continuation of the Ecological University around which the MER gravitates. I have not noticed the MER people wasting their energy on political or "ecological" activities; they have been focusing all their energies on the Ecological University, which seems to be a success. And for that they certainly needed state support!

[Valenas] Mr. Campeanu, leaving ecology to the side, let us now address liberal or so-called liberal issues. The National Liberal-Young Wing [PNL-AT] has signed this Charter. What is its significance for them? To me it looks like an act of outright political suicide! Or did they sign this "act" in the hope of getting a "bone"? To which I have to add that this seems like a very illusory "bone" to me.

[Campeanu] Ha, ha, it is undisputedly an illusory bone! But a bone it undoubtedly is. However, I don't know why you think that this "Young Wing" (we call it the "red wing") meant anything or could have managed to mislead the electorate. According to all the information we have from the entire country, from all our county branches, they have no impact on the electorate. It was a small group teleguided by the Regime, and now no one has any doubts left. So why did they enter into this association? If you had asked better informed people, they would have told you that this alliance had to be made anyway! Of course, all their activities were designed to help the authorities! The fact is that now they are sharing a bone, as you said, but a bone that doesn't appear to be material enough, or as they used to say in the period between the two world wars, a "roast." They are after the roast, but I'm not sure that this roast will be either tasty or large. So they did something natural, no one was entertaining any doubts about them any longer, and that's not something new, it had been the case for several months.

[Valenas] So you think that the so-called Young Wing did you and the PNL a big favor by signing this Charter?

[Campeanu] Ha, ha, any clarification along this line is in our interest, because it saves us additional explanations. Now we don't have to provide any explanations!

[Valenas] Pushing the comparison, I will recall Cardinal Todea's statement, who said that Patriarch Teoctist's bellicose declaration is doing the Greek-Catholic cause a splendid service! And thus, the Young Wing's action will clear the waters in favor of the PNL?

[Campeanu] Of course! It is very kind of you to refer to them as the "young liberals." But they're not young anymore, they're mature men, and now their leader is an 82-year-old "youth." There is no doubt that their most

recent move has clarified everything for everyone. As I said, now we don't need to provide any explanations.

[Valenas] But there is also a more malicious interpretation of the signing of this charter, according to which after this event, the PNL, led by Radu Campeanu, has no other chance left but to firmly join the National Peasant Christian Democratic Party [PNT-cd] and the Civic Alliance, consequently, the PNL can no longer "court" the regime. At least that's the street view.

[Campeanu] Well, I cannot worry about street rumors! I don't know to what street views you're referring. Court the regime.... We never courted the regime! More likely, the regime courted us.

[Valenas] Why did the regime court you?

[Campeanu] For a very simple and obvious reason: We are the most significant opposition party and among the traditional Romanian parties, ours enjoys the greatest credibility abroad. That's simple, and the government knows it as well as we do! Consequently, that's why it courted us! And has been doing so for some months. So we did not court it, we rejected it, just as we rejected all kinds of opportunities for separate negotiations; we demanded that any negotiations take place within the Convention for the Establishment of Democracy [CID].

[Valenas] But don't you think they courted you also with the well thought out idea of compromising you?

[Campeanu] That remains to be seen! It's possible, it's possible, why not? Except that you must go on to the ultimate consequence, namely that we categorically rejected and we still categorically reject any coalition government, unless (if by some extraordinary chance it does come to be) we get decisionmaking responsibilities in such a government! Consequently, I don't know what compromising means, although the authorities' men, or some of them, may have considered that, too. But such a thing would not have been possible because we would have raised some conditions, absolutely without any doubt, just as we raised them for the entire CID, conditions that would have given the PNL decisionmaking power in addition to responsibilities.

[Valenas] At the press conference that followed the conclusion of the Civic Alliance party congress it was said rather clearly that the Civic Alliance will sign some sort of alliance with the PNT-cd and that that alliance will become the backbone of the opposition. Why shouldn't the PNL join this backbone, too?

[Campeanu] If they said so, they probably have it in mind! Now, why they said that, I don't know. Anyway, we belong to the CID and if the newly created party (PAC) [Civic Alliance Party] will ask to join the Convention, we will not oppose it, as in fact we clearly stated. We think that the PAC will stand on the same barricades as we do. Consequently, I don't see why hostilities or contradictions should appear. Moreover, I hope that our relations will be correct and honest!

[Valenas] The Civic Alliance has now become a party and it will clearly draw members from other parties. The PAC leaders have expressed—naturally in a veiled and polite manner—their conviction that they will absorb many PNL members. Why is that?

[Campeanu] That is a supposition, too. But let me go back to your previous question: I knew, but perhaps my information was not correct, that the Civic Alliance incorporated very many members with liberal ideas (although, true, at the time it was not a party). In fact, I would be surprised if any group of intellectuals, who may be expected to hold broad ideas, did not at the same time hold liberal concepts. But whether PNL members will join the PAC remains to be seen! We had many liberals in the Civic Alliance, because it was an association of intellectuals that pursued the advancement of democracy. Now that it has become a party, however, there will obviously have to be a choice. One cannot be a member in two parties! But to date I don't know of any PNL members who left us to join the PAC! There may be, I don't know, there could be some! But if there are, they must be in the single digits, or 10-12 persons, I can't tell.

[Valenas] At the recent PAC congress it was said more or less directly that the future of the party may lie in a fusion with the PNT-cd. Why not a fusion with the PNL?

[Campeanu] I don't know. You must ask them that. Why do they want to merge with the PNT-cd? I don't know, each one is entitled to the choice that seems useful to them. I don't know, I'm not aware of the reasons, I don't know anything, but it does not seem feasible to me in the foreseeable future. What the reason is for those views I cannot tell.

[Valenas] The reason was given at the session itself, namely that the PNT-cd proved to be the most consistent and the most radical (in the good sense of the word) in the struggle against the regime. That pleased the majority of the intellectuals who lead and make up the Civic Alliance; on the other hand, whether we like it or not we have to admit that the Civic Alliance is a party of intellectuals.

[Campeanu] It is a party of intellectuals! Except that I don't know who is and who isn't an intellectual. Mitterrand, for example, was upset that he had to meet separately with the intellectuals, the parties, and Parliament. Once again, I don't know why the Civic Alliance made that choice. Perhaps the Civic Alliance is afraid of us, that we may be too closely knit or better structured than others. As for the PNT-cd being more radical...Maybe it is. It depends what one means by being a radical. But as far as I understood from the statements of some Civic Alliance members, they are more moderate. This kind of radicalism is easy to display when you don't carry any responsibility. When you do have a political responsibility, you think twice before making an assertion. In fact I heard some responsible statements from the leaders of this new party, who spoke out for abandoning the street struggle and for political responsibilities.

[Valenas] Nevertheless, how do you explain the fact that until now the intellectuals have kept their distance from the political struggle? Why did these intellectuals not support the historical or traditional parties, namely the liberals, the Peasant Party, or the social-democrats? After all, already one and a half years ago the intellectuals had all those choices.

[Campeanu] Evidently all the choices were there, as you said. We invited them (as did the others) to join us and to run on our lists. They did not, I think because of political inertia and because they were not familiar with the political mechanism. They thought that by running as independents they were evading the minimum discipline inherent in being a party member. The hypothesis turned out to be incorrect: None of the 14 or 16 "independent" candidates was elected. Now I heard that they want to form a "Party of Independents;" we'll see what will come of that. But the fact that the traditional, democratic parties did not have a sufficient impact was not due to that. I don't think that the intellectuals had any reservations.

[Valenas] Still, some of them did!

[Campeanu] Some did, yes! Our party was and is supported by intellectuals. We're not complaining about the intellectuals. Our efforts go to rallying workers, not intellectuals! That is not the core of the problem; the party failed to have an impact primarily because the idea of a party had been corrupted by the image of the former PCR [Romanian Communist Party]. People failed to understand that democracy is based only on parties. There was much confusion, and people failed to understand that a "civic society" cannot lead a nation. How was it supposed to lead it, by what means? So those among the Civic Alliance who finally did understand that you can't have a democracy without parties have become a party.

[Valenas] Mr. Campeanu, you are being challenged by very many liberals, veteran liberals of your generation. I'm not now talking about their number or the reasons for their opposition, but how do you explain this phenomenon?

[Campeanu] First of all I take exception with your statement, which is strictly incorrect! Many challenge me.... Who are these "many"? You should come and see the "many" gathering at our party and not challenging me in the least. To you the actions of two or three people whom you know constitute a challenge. There is no point in talking about them, some of them are very loosely connected with the party, while others, who had closer links to the party, have become completely divorced from the Romanian political realities because of the great distances (because all these people live in exile, not here)!

[Valenas] For example Mr. Dinu Zamfirescu, an old liberal, why is he somewhat critical of you (I say somewhat, because he has adopted an urbane tone)? Do you

attribute this attitude to distance, in view of the fact that Dinu Zamfirescu lives in Paris?

[Campeanu] I attribute it to many things, including distance. But I don't think it's an interesting topic of discussion. The case of Dinu Zamfirescu is a special, personal case, and perhaps if Dinu Zamfirescu came here to Romania, lived here for six months, and ran against the realities prevailing here, he may change his views, too!

[Valenas] A large number of people, not only liberals, criticize you for having shaken Ion Iliescu's hand immediately after the miners' episode. I want to ask you now, did you really have to make that gesture, considering that your party offices, too, were ransacked by the alleged "miners"?

[Campeanu] Mister, I thought that as a journalist you were up to date on things. If you start asking me about something that took place more than one year ago, you're no better than those who live outside the country! This "handshake" business, which "affected" a few of the sensation-seekers abroad, is of no importance! Why did I shake his hand? I'll tell you why: First, because I couldn't go by him without shaking his hand, and secondly, I shook his hand because he recognized the need to begin an investigation about the miners! Something that until then had been forbidden. That was the main reason for the "handshake."

[Valenas] But Mr. Iliescu didn't keep his word!

[Campeanu] He did and he didn't, and not only he, the matter became much more complex; there was a rather lengthy parliamentary investigation during which the Parliament members had a pretty long respite to conduct investigations. I don't know whether the opposition report (I'm not talking about the FSN report) was able to reach the ultimate conclusions, but in any case the opposition discovered very many new things. But that was not the important fact, what is important is that these reports have still not been discussed in Parliament. And then there is the investigation of the Prosecutor's Office and the police; in the end we will see what this investigation reveals. Whether Ion Iliescu stopped the investigation or not, I can't tell you. I don't know who stopped it. The investigation ran its course, but it did not produce the results we could have wished for!

[Valenas] I'm not asking you these questions, which seem to be upsetting you, for my own sake, but on behalf of the readers. You must take that as the basic premise. Now I would like to ask you something else: It is now being frequently said (I'm not the one to decide how frequently), both here and abroad, that the PNL has become rather eroded. Some say even that the PNL will not get even the 6 percent votes it won in May 1990 in completely corrupted elections! Is it true that the PNL is rapidly losing momentum?

[Campeanu] Mister, I'm curious, you have been asking questions which from the very beginning, judging by the manner in which they are posed, have been wrong! The first question: "Many challenge you"—how many, who are these many? If I were to take you with me to the provinces, like I go every week, you'd see how monumen-tally wrong your question is! You'd realize! I was recently in a workers' area—Bocsa, Resita, and Otelul Rosu. If you had been with me, I think you wouldn't have dared ask your question the way you did! And now to the second question, the issue of the party "erosion." Any time an "eroded" party manages to fill up the halls in a workers' area as it did in the area I was telling you about, and as it did in Pitesti, Constanta, Alesd, and many other places, then I can tell you I don't know who's telling you to ask these questions and I don't know where you come up with them! Please forgive me, but I have to state categorically that it is surprising for anyone to say such a thing about the PNL in Romania today!

[Valenas] Mr. Campeanu, I'm not saying these things, I'm asking these questions so that you can clarify certain doubts and question marks. This interview will be read by several hundreds of thousands of readers and the truth has to come from you, not from the many or the few who don't have a very good opinion of the PNL. So these questions don't represent "my position" about the PNL. I only want you to clarify certain things about the PNL. Even commentaries by foreign radio stations are unfavorable to your party. Why is that? We are only a bunch of wretched journalists trying to make sense out of this thicket of information. And the truth has to come out, even if it is very harsh. Now please answer me the following question: Now that we are beyond the point where the PNL-Young Wing "split off" (now we all know what kind of split it was), what is your party doing to win the votes that went to the FSN on 20 May 1990? That is an issue that in fact concerns all the opposition parties.

[Campeanu] It is an issue that concerns all the parties!

[Valenas] But what is the PNL actually doing?

[Valenas] What are we doing about this? All we are doing is to impose our viewpoint on each current issue, to express our criticism of the current government system and its "achievements," and to disseminate the ideas of our program. That's what we are doing. In other words, we're doing the same as all the other opposition parties: We propagate our own ideas. But now I'd like to refer to what you said, namely that you are nothing but a bunch of "wretched journalists" asking questions out of the "thicket." There are ways of asking questions, and there are ways of asking questions! If you're asking, "Why did radio station X, which broadcasts in Romanian, say at some point something or other, why did it voice criticism," is one thing, but when your question goes, "The PNL is very much criticized," that's something else! It's an entirely different thing! In the final analysis, everyone is free to express himself the way he wishes and to say what he wishes, except that this manner is fundamentally

wrong! The radio station to which you referred is a radio station which, for reasons I and others like me have still not figured out...

[Valenas] Are you referring to Radio Free Europe?

[Campeanu] You said it! I'm not referring to anyone! A radio station that I liked when I was in exile and which I always defended; indeed, it carried a series of commentaries, as I had an opportunity to tell them—and if I happen to be in Munich again, as I hope I will be this summer, I will tell them outright—there have been some commentaries about us with some ulterior motive that I didn't understand! Each person can have an opinion, which may be good or may be bad, but it shouldn't distort realities and then take the opinions as a point of departure. Because that's not good. Other than that, the fact that one person says one thing and I say something else, that's not important. Each one has an opinion to express. Nevertheless, each person has a duty to be as objective as possible, in other words, to observe the moral obligations of his profession. In many cases these obligations were not observed by a few people! Don't ask me by whom!

[Valenas] The IRSOP [Romanian Institute for Public Opinion Studies], which we have to remember is an institution of the authorities, in March 1991 also credited you with 6 percent. Do you think that they deliberately falsified that "opinion poll," or is the PNL nevertheless not making progress?

[Campeanu] In our opinion, that "poll" was not based on precise data. There is no question of 6 percent! It's 14-15 percent. We think we are at the 15 percent mark, but this is something only the voter knows, not we. Especially in view of the fact that the political situation is now rapidly changing and so do people's views! Currently public opinion is definitely distancing itself from the regime and the FSN; on the other hand, however, the public is not really steering toward the historical, democratic parties in the real sense of the word. So far the public is waiting; it is rather confused and it is waiting to see exactly toward what "doors" to go. So it's a matter for the future. The public will decide toward which party it will go.

[Valenas] But could not the opposition, by uniting its efforts, establish its own, objective public opinion polling institute so as not to have to depend on the government (through IRSOP)?

[Campeanu] I don't think we have the means to do it, we are, generally speaking, poor, and all the truly democratic parties are equally poor.... I don't think that's possible because of our poverty. But it would be a good thing if it did exist!

[Valenas] At the next elections, whether they're held this year or next year, will you share joint lists with the opposition (as the PNT-cd suggested), or do you have significantly difference views?

[Campeanu] For the time being we have the communal elections. Those are the first. They are particularly important and their importance is considerable. They come first, in four-five months. We were the first to suggest running joint candidates in those communal elections! Of course that is something we will decide at the center, but the final decision about the candidate has to be taken at local level! The local organizations are the most apt to know the realities and the best placed individuals. But we'll also have to see the Electoral Bill, which still doesn't exist, we'll have to see in what form these elections will be held. As for the legislative elections, they will be held much later, in eight-nine months time, perhaps. A unity dynamics, so to say, does exist. We don't oppose this unity dynamics. We think that the matter can be discussed. But it must be discussed intelligently and not demagogically. The joint lists we will compile must be hammered out without any finger-pointing, along the line of "that one wants to, the other doesn't, the third is not a good democrat...." That's how we think it should be done. Joint lists are now the "fashionable formula," but we mustn't put the carriage before the horse, and must first prepare for the communal elections, which are extremely important! This kind of demagogical talk occurred before in the matter of a referendum concerning the monarchy and the issue of pulling out of Parliament. The latter was the most embarrassing, because those who shouted loudest that they were leaving the Parliament never intended to pull out!

[Valenas] You're referring to the PNT-cd, because it shouted the loudest?

[Campeanu] It was not the only one to shout, others did, too. Especially those who were not in Parliament! But no one meant to leave Parliament only for the purpose of sending "shocks" through! That's what I was told: "We're pulling out of Parliament in order to trigger a psychological shock!" OK, we cause a psychological shock for one week, but what do we do afterward??!! How many such "shocks" do we need in order to possibly bring down the government? Consequently, the working methods used in a democracy must be different. Of course, it is not easy to comprehend the fact that the working methods in a democracy are different.

[Valenas] So, if I understand you correctly, Mr. Campeanu, you're leaving the door open for a united opposition, including joint lists?

[Campeanu] Evidently! In all the talks we will conduct—because we are not an eroded party, I stress, not only has the party not been eroded, but it has considerably increased its forces (I want to give you an example: We currently have 50-66 percent PNL organizations in all the counties and rural communes, something that one year ago was unimaginable! So that the story about "erosion" now makes me laugh)—and that is precisely why we intend to discuss the idea of a single candidate very seriously. So for the time being we are fighting for the local elections.

[Valenas] I won't say very many because you will violently contradict me, so I will say that some "isolated voices" have accused you of being against the monarchy! What is true in those assertions?

[Campeanu] Well, you see, I didn't want to argue about that either, all I said was that there have been all kinds of demagogical interpretations about the joint lists and the constitutional referendum. The idea of a constitutional referendum was being shouted in the streets already one year and five months ago.

[Valenas] That looked to me like a great diversion!

[Campeanu] Yes, but those who were staging that great diversion were not diversionists! They were shouting: "We must have a referendum for the monarchy!" Do you know what percentage would have been in favor of the monarchy?

[Valenas] It depends at what stage; 5 percent in the beginning, now about 20 percent.

[Campeanu] Precisely! According to the latest studies—of three months ago—at the most 14 percent. So what I said was: We must not fool around with something so important! (I also said that to my friends, who were also clamoring for a referendum!....) If there is a referendum and it produces 14 percent, the idea of the monarchy would have been forever compromised! Greece is a good example in point: After the dictatorship of the colonels there was immediately a referendum in which the monarchy got 42 percent, and since then no one has so much as mentioned the monarchy in Greece.... So there is no point in beating our breast and saying, "I'm a monarchist, I want a referendum," because we would only lose the referendum and compromise the monarchy. So what I said at the time was: "Sit still and don't talk of a referendum!" At the time I was taxed with being an "antimonarchist." You may have noticed that in the past four to six months no one has been talking about a referendum anymore.

[Valenas] In a democracy the votes are secret, but assuming that such a referendum did take place, how will you, Radu Campeanu, vote?

[Campeanu] Ha, ha! Of course the votes are secret, what is important is not how I will vote, but how I will tell people to vote! Because even though so many, masses of people challenge me, while other masses say that the PNL has become eroded, my word still counts in this country!

[Valenas] And what will you say, Mr. Campeanu?

[Campeanu] If I become convinced that the monarchy will be constitutional (and there cannot be anything but a constitutional monarchy) and that it arrives clean, without a whole string of personages around it, I will defend the constitutional monarchy!

Ed. note: Although Mr. Radu Campeanu spoke against "psychological shocks" regarding withdrawal from Parliament, shortly after this interview he finally opted for a "first psychological shock." As it was, the Privatization Law did not leave open any other option.

**Ion Coja Explains Vatra's Moral Foundation**  
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*Apr 91 pp 1, 4*

[Article by Ion Coja: "Self-Sacrifice"]

[Text] At a student meeting in January 1990, when endless lists of demands viewed as most normal and just were being compiled, I could not bring myself to keep quiet when the students demanded the abolition of that form of "serfdom" of the intellectuals known as compulsory internship in the country, in rural environments.... In other words, the students were demanding to end the system of compulsory assignment to the country (or to small towns) and the right to be their own masters the moment they left the University gates with a diplomma in their briefcase! What could be more natural and more just!.... Since it was freedom we wanted to win by abolishing the communist, totalitarian system!... Ceausescu was gone, who was there to force young teachers or physicians to go to the country?!

Nevertheless, I asked for permission to speak and I asked my younger colleagues the following question: Their right, the right of the graduates, to go to the country or not, to go wherever they wanted, and even to exercise their profession only if they so wished, was probably an inalienable right, one of the famous and much talked about human rights. However, the children born in Cucuietii de Sus could probably also invoke their right to live and to get an education, in other words, the right to have a school in the village with a few teachers, and a clinic with a doctor and some appropriate equipment. My question was: Between the two rights, that of the young graduates to use their skills as they wished, and that of village children to have a school and medical care, which had a greater weight and importance in the eyes of God?

We have regained our faith in moral and Christian values! And we also decided to halt the barbarian demolition of the villages!

What are we going to do down the road with these villages we are rescuing from destruction? Is it possible that by refusing to go there as teachers or physicians, we are condemning them to death? To a slow and probably more painful death?!

My intervention confused most of those in attendance! The list of demands was written on the blackboard and one of the first points was a request for religion in schools and a return to God. "Which God? That of learned graduates, or that of babes who cannot read or write?..." The question still stands!.... And will certainly be still valid tomorrow!

We live in a world obsessed with rights and freedoms. For the past 200 years the most enlightened minds and the most generous hearts have been laboring, sometimes with supernatural strength, to institute respect for the individual and for civic freedoms in the world. Now that the totalitarian regimes in the USSR and the former East European communist countries have collapsed, we may be said to be witnessing an unprecedented victory for the idea of rights. Human rights!....

We have already won them, so all that's left is to enjoy them at leisure!.... The country itself has become, God pleasing, a state of law!

Except... Except that the human rights cannot be conceived indiscriminately or according to some list on which the order of priority of the human rights has no importance.

Obviously, one of the human rights may well be the right of a young graduate to be free to decide where and how to practice his profession at the end of his university studies. But when drawing up a list of our rights in the order of their importance, in the order in which God Himself holds these rights dear, we should place far higher up on the list the children's right to have good teachers at their village school or skilled doctors at the commune clinic!

What's to become of this right of children everywhere to have teachers and doctors as long as they, meaning the young doctors and teachers, mind only their right to decide themselves where and how to work?....

Evidently, not much!

We thus realize that a mere hierarchy of the human rights, listing them in a certain order of priority, is not an inefficient way of making the consequences of this hierarchy operate and yield results. We still need something to make people accept these consequences and implement them. That something bears a more than well-known name, but one that is forgotten or ignored at this time of luxuriant outgrowth of human rights: The sense of duty....

This is the name that has been given for hundreds or thousands of years to the awareness that some of your fellow man's rights are greater than your own. That they are higher on the list!.... We all have a right to live, but there is something that makes parents, older people in general, believe that children have a greater right to life. Rescue the children first! That is what the captain orders when the ship goes down!.... The order could also be: *Sauve qui peut!* Meaning, it's every man for himself! But that is an order that has nothing to do with the dignity of the human being.

We could avoid the right word because it has been truly abused! But we will not, because that would be a victory for those who for almost half a century systematically worked at corrupting our language and confusing our

thoughts so that we would no longer think when we spoke and conversely, speak what we thought.

I am referring to the world dialectic. (Now that I'm writing it down it seems to me that we have not seen it anymore in our press after the revolution....) Because we think that the relationship between rights and duties is dialectical. Even without thinking that one also has duties in this world, and even if no one taught us that life is not only for getting and taking, but also for giving, for offering, this truth rises by itself even out of the mere concern to make a more rigorous list of the human rights. Because such a list can be conceived only in the order of the importance, opportuneness, and priority of the human rights. Admitting this order—and if you are honest with yourself you cannot avoid recognizing this hierarchy—means admitting certain duties! Frequently the right of one category of people is conceivable only as an expression or an outcome of the fulfillment of a certain duty by the same people!

Human rights cannot be separated from human duties!....

The imbecility of the times in which we are living can be captured by this formula: People, especially young people, believe that one can live only by enjoying rights, particularly the "human rights," totally forgetting that we come into this world with some duties, too!.... First of all toward the human species, in the sense that we are dutybound to live a life dedicated to human dignity....

It is rather strange for some of us to realize that the rights we are now enjoying were won because of the exemplary workings of the sense of duty in the conscience of some of us. The young people of Bucharest and the rest of the country who in the afternoon of 21 December 1989 bared their chests to automatic weapons did so conscious of a duty, a sacred duty that for dozens of years all of us had put off fulfilling: our duty as humans and as Romanians! During those hours we paid our dues as humans! We fulfilled our duty not to let ourselves be humiliated!.... At that time, in December, we demanded our rights out of a lofty and noble sense of duty! One of which was the supreme right to fulfill the duties that by birth and life we bear toward our fellow men, our country, the entire world, and especially our duty toward ourselves, the duty to not live unconsciously!

In December, the sense of duty in the beginning brought out into the streets a few dozens youths. One hour later there were several hundreds! By the next day the best among the youth pushed the joy of a duty fulfilled to the ultimate sacrifice, the sacrifice of the self! It was thanks to their self-sacrifice that the next day we were able to win our rights, the human rights!.... And since then we have been continually celebrating that victory and have been talking of nothing but rights! The right to emigrate, the right to not have children, the right to study in whatever language we wish, the right to write anything and to publish anything! The right to not have to account

to anyone for my actions, my words, or my thoughts! "This is what I want, and this is how I want it!" is the new password.

Of the myriad of rights we are currently enjoying, there is one right we forget to invoke: The right to honorably fulfill our duties for the good fortune of having been born humans!.... For the good fortune of having been born in this country as sons of this nation!.... Our present society is so terribly confused primarily because it has lost the sense of duty. The revolution was stolen! This is something very true, in more than one sense. The most true among them is that the revolution was stolen by those who replaced the sense of duty by an insatiable hunger for rights! The revolution was started and pursued to the victory, often by self-sacrifice, by those young people whose sense of duty was inspired with a mad courage never before encountered in the world. Later they were overwhelmed in number by those who invaded not the streets, but the offices of city halls and other public institutions in search of whatever they could grab: jobs, promotions, aid!.... They were overwhelmed by those who today claim to be the champions of democratic freedoms! Namely, of material gains and of living at the expense of new slogans and catchwords!....

The new draft bill on education has been published in the press. Incredible as it may sound, we read a whole blanket of words, but not one word on the role of the school in cultivating a sense of duty as people, as citizens, and as Romanians!

Where, if not in school, can the unfortunate Romanian learn that the Romanian language contains, aside from the verb to get, also the verb to give?....

There are only two other institutions left to remind us, as well as they can, that we are not born merely to taste pleasure, like butterflies fleeting from one flower to the next! Namely, the army and the church. Or properly written, the ARMY and the CHURCH. They are the only ones that teach sacrifice, self-sacrifice for an abstract idea and for a purpose all the more noble for being intangible!

Vatra Romaneasca is trying to share with them this sacred Vallachian trinity.... One of the possible definitions of the UVR may indeed be this: The only organization that after the revolution is endeavoring to maintain whole and possibly even increase the Romanians' power and capacity for self-sacrifice!

The awareness that such a definition may fit us obligates us to look more carefully at what we are doing, at the people around us, and especially at ourselves. Because the UVR's only chance to continue to mean something in the life of our society and thus in the history of this nation, is for Vatra to build upon the grounds of spiritual rebirth, of self-fulfillment, and of moral and emotional reconstruction!

Looking at those around us, at our UVR colleagues and at ourselves with equal lack of indulgence, we must spot,

with the vigilance of border guards, the profiteers, the liars, and the perjurers who may get the wrong address and infiltrate among us. The UVR can exist only in honor of and in the cult of truth. This is a duty that we did not grasp at the very beginning, when the joy of brotherhood was too great to notice that not only the revolution could be stolen and betrayed, but also our Romanian Vatra [hearth]....

### Intellectuals Urged To Join Vatra

91BA1029A Bucharest TARA NOASTRA in Romanian  
Apr 91 p 3

[Article by Valentin Borda: "Vatra Romaneasca and the Intellectuals"]

[Text] With neither restraint nor apprehension we want to state the following truth: Too few marking personalities from the world of Romanian science and culture are knocking at the gates of our Union! Many of those who embraced its program at the time it was founded, against the backdrop of the events taking place in Transylvania in the spring of 1990, are now content with the status of formal membership without supporting the organization from the inside. The new arrival of great intellectuals on the lists of active members is tarrying; their steps are firm enough when marching on other paths, but hesitant when it comes to approaching our field.

Intellectual circles throughout the country are certainly keenly interested in what we, the UVR [Vatra Romaneasca] members are doing, and the hearts of most of them are totally behind our program, but their inaction is evident. From our viewpoint, an attitude that ignores the realities shaking tragic zones of the country's current and future history is inexplicable. Or, more precisely said, it is a state of indifference marked by Balkan fatalism. Whatever the case, in our opinion this is a defeatist behavior that leaves a wide field of action to misleading, deceptive, and often even anti-Romanian ideas.

The failure of the great intelligentsia to act in behalf of Vatra and its wait-and-see position outside the burning circle of the problems confronting the Romanian democracy and the Union's ideology are certainly harmful. It thus leaves the arena free for the opinions of the water-carriers and the upstarts among the intellectuals. And they, contaminated by the theory of forced and hasty Europeization, and probably deliberately ignoring the danger of an invasion of destructive theories designed to annihilate the specific traits of our national cradle, are extremely on the offensive. Their energy and, we may say, aggressiveness have even managed to melt down the honesty and fidelity of the patriotic sentiments of first rank men of culture. The latter, averse as they are to the current team of political and administrative leaders in its overwhelming FSN [National Salvation Front] structure, refuse to assume their sacred duty of firmly positioning themselves to serve the eternal fatherland. They refuse, or for the time being simply refrain from doing so.

Moreover, some deride the national sentiment itself and attack the idea of the need to maintain the state boundaries, thus playing into the hands of the vehement supporters of the concept of a so-called common European house. They obviously ignore one current of this historical moment, namely the nations' wish to live independently, to restore their wholeness, to find themselves again, and to express themselves as distinct entities. The examples are all around: Germany, Korea, the convulsions shaking the conglomerate called the USSR... However, in contrast to those tendencies, the idea proliferating in Romania is the theory of the "common house," a generous idea that the future, I am sure, will confirm, but that in the meantime is grievously wounding and even defiling the extremely strong patriotic feelings of the overwhelming majority of our people. Of course, I know who are the engineers of this theory. What I don't understand is why this theory is allowed to be aggressively circulated at a time when the country needs unity in order to fortify itself politically, economically, and spiritually.

The UVR pleads for reincorporating in their being the spirit of all the nation's sons in the diaspora. Far from being an anti-Hungarian organization or a strictly pro-Transylvanian organization as so many people have deliberately been taught to view it, it does not even see any reason to protest the concept of a common European house. Except that, in the spirit of the Union's program ideas, having always been a European country Romania needs to join the future European community organized along the lines of other laws as a distinct entity, with its own house cleaned out and adorned with Romanian furnishings; until then, it is dutybound to bar any gesture aimed against its soul, territory, or culture.

Unfortunately, many valuable intellectuals pretend not to see the imminent danger of diffusion of our national traditions and the danger of confrontations. Or perhaps they really don't see it under the onslaught subtly orchestrated by the written and audiovisual media. What is happening in Transylvania, for example, is the contemporary tragic history of the Romanian people, and the intelligentsia is making a fundamental error by ignoring the situation there. But the honest great intellectuals are also sitting passively in their den, thinking perhaps that the situation will resolve itself. They forget, or they pretend to forget, the enormous task shouldered by the forefathers in order to rescue the fatherland in circumstances of aversion toward the concrete makeup of the power at a given historical point.

The current political power in Romania may be good or not. More important than its quality is, of course, the present and future fate of the people. To denigrate or refuse to serve the people through an overt engagement, when this is the imperative of the time, is a sign of aggravated laziness, if not downright cowardice.

The UVR's objective is to cultivate the old and new cultural traditions of the people; to defend the country's material assets in the national interest; to take a civic

stance against any intention or action designed to bring the Romanian people to their knees or to mutilate the state borders. Chauvinism and xenophobia are attitudes alien to the UVR. Extremism is another attitude censured inside the Union. I want to ask: Was the commemoration last year of the 50th anniversary of the rape of Transylvania and its incorporation in Horthy's Hungary, or the commemoration in Tebea of the death of Avram Iancu, extremist actions?

The UVR has assumed the task of keeping alive and cultivating the national sentiment, of preserving the perennial values of Romanian civilization, of inviting the Romanians wandering the world to return home in thought and action, and of reviving the idea of a Romanian homeland. This does not mean that we will boycott the idea of a common house or of a future federalization of the European states.

It does mean love for the country's history, for its frontiers, for its natural and underground riches, and for feeding the minds of the Romanians living in their ancestral land.

Undoubtedly sound intellectuals have spoken out and continue to speak out for defending these values, intellectuals who know that the power is not eternal and who understand how difficult it is to exercise it at times of real traumas—many of them artificial and others caused by current subversive forces or inept rulers. Our regret, the regret of those of us who are devoting our time to the UVR after the eight hours of daily work, is that too few greatly influential intellectuals are standing at our side. No doubt they, too, like so many simple people who look at us for the first time, believe that the Union has FSN leanings, that it is anti-Hungarian and extremist, and that it gives shelter to former Securitate members. These are flagrant untruths. Our organization has among its members representatives of all the political parties and all civic and cultural organizations. It also has people of other nationalities, but who are Romanian citizens. Naturally, there are still flaws in its activities. Some of them are due to lack of organizational experience. Perhaps not all of its leaders, who try to etch its profile, are the best. Certainly not all of them are first-class intellectuals. We need such people in the UVR ranks. I would even say that we need them badly and I want to invite them to join us so that, together with the workers and peasants and the other social and professional categories, we can work together to serve the beautiful ideals for which we try to persuade and make ourselves understood.

#### Ethnic German Organization Chief Interviewed

91BA1029C Bucharest FLACARA in Romanian  
30 Jul 91 p 9

[Interview with University Professor Dr. Karl Singer, chairman of the Democratic Forum of Germans of Banat, by Radu Ciobotea; place and date not given: "Are the Germans Coming Back?"]

[Text] [Ciobotea] Mr. Singer, the problem of Romanian citizens of German nationality arose acutely in the summer of 1990. At that time the emigration to Germany had reached incredible proportions. In Transylvania (and to a lesser extent in Banat) whole villages were left empty. We got the impression that an entire civilization, the German civilization, was disappearing from postrevolutionary Romania. One of the basic aspects of the German policy after the unification was to halt the emigration in parallel with creating appropriate conditions for the return of at least some of the ethnic Germans who had left Romania, which is not at all an easy task. Because that implies economic conditions, an urban and rural infrastructure, investments, political and civic rights, and culture. At this point the Romanian realities and the opportunities of return are linked by only one concrete system of connections: the Forum.

[Singer] Yes, that is a concise way of presenting the situation. I have to tell you from the very beginning that the Forum is operating not only in Banat, but also in Transylvania, Maramures (the Satu-Mare area), Bucharest, Constanta, and Moldova and that it has 25,000 registered members. The Steering Council (of which I am a member) is headquartered in Sibiu. According to the estimates of the Catholic Episcopal Church, there are still 55,000-60,000 ethnic Germans in Banat, 16,000 of whom are actually members of our organization.

[Ciobotea] Is it a political organization?

[Singer] Yes. This is a political organization situated at an equal distance from all the other political parties but open to dialogue and cooperation with them. As you noted, our role as a "connector" is very important. We have to persuade the West that real chances of fulfillment exist here, and at the same time we have to contribute to creating the necessary conditions. If it is true that the mass emigration of the Saxons from Transylvania has created the image of an exodus, it is equally true that a strong nucleus (made up mainly of Schwabians) stayed here in the belief that in time a real Western-type civilization will be built in Romania. Speaking of "emigration," I can tell you that in Banat there was only one case of "radical" departure of ethnic Germans, namely the village of Brebu Nou in Caras Severin. The houses are still there, the cultural club was left with its doors open and its 60 chairs, not one of which has disappeared. Even the thieves are gone!

[Ciobotea] Strangely enough, the village of Garina, near Brebu Nou, did not experience this kind of exodus.

[Singer] Something else is happening there. That is a tourist area. Some Germans left and some stayed. The homes of those who left were bought up by the financial and intellectual elite of Resita and Timisoara. Going to Garina has become a luxury. On the other hand, the local Schwabians (whose great-grandparents were brought by Maria Theresa from Styria and Bohemia to work in the forests and mines), are preserving intact their traditions, dress, and lifestyle.

[Ciobotea] In fact, we are essentially talking about the preservation of German culture and civilization in Banat in all their aspects. We have to admit that one of the most important is the economic aspect.

[Singer] And the most difficult. The Romanian economy is in a state of difficult and slow transition. We are not spectators of the phenomenon, but we are helping as best we can. In the winter and spring of 1991 we mediated a series of economic contacts with Germany. We prepared and participated in the visit of former Prefect Florentin Carpanu to Laender of North Rhine-Westphalia and Baden-Wuertemberg, and we facilitated the visit of former Vice Prefect Mateescu to Bavaria. Our relations with Germany have left behind the stage of "aid" and "gifts" and entered that of investments and financial-banking and economic relations. We are counting on several key areas. First, there is that of small enterprises. German artisans here are granted interest-free, long-term loans at the official rate through the International Cooperation Foundation (a financial management body belonging to the Forum). Six bakeries built with this kind of credit will open already in September. Which is no small thing. One bakery costs 90,000 German marks [DM].

[Ciobotea] If I understood you correctly, there is a genuine financial flow between Germany and the Forum.

[Singer] Quite. Only a financial system of repayable loans (and profit) can set in motion private initiative. "Gifts" don't provide an incentive. As for small-scale production, we plan an entire network (from the processing of medicinal plants to electronic repair shops and pastry bakeries in many communes in Banat. But since the majority of ethnic Germans live in villages, agriculture is the essential issue. We have a land bill, but we still don't have land, and more importantly, we don't have equipment. Moreover, the population is aged.

[Ciobotea] What's the solution?

[Singer] There are several alternative solutions. One is to establish agricultural associations led by a council of five or six experts and equipped with the necessary machinery, whereby the profit will be divided according to the acreage worked. In other words, a kind of modules. The funds required for equipment can be obtained with the aid of the government of the Land of North Rhine-Westphalia. We intend to purchase the equipment in the country. It is simpler to buy a tractor from Brasov than from Germany. Another alternative is to lease land under contract, including the provision of technical means. As I was saying, possibilities exist. But the implementation of the bill is rather slow....

[Ciobotea] What will happen with Germans who left the country but who would like to get their land back?

[Singer] That's a good question. Mr. Carpanu has asked it, too, and the solution devised was to give our land on the basis of a 20-year concession to those who come back

from Germany and want to cultivate it. This proposal (which was announced in the German press) is now included in the bill dealing with profitable associations working on the basis of concession.

[Ciobotea] At the same time you are confronted by the crisis in the industry....

[Singer] True. Since last year our efforts and the efforts of the Timisoara Prefecture have been aimed in that direction, too. From protocol visits and contacts we progressed to direct relations between enterprises. Currently we are discussing the conditions for opening plants in Timisoara for yeast, straw-based paper, tractors, and Coca-Cola and for awarding the sanitary concession to a specialized firm. But there are two big problems: money and roads.

[Ciobotea] What do we use for payments?

[Singer] That's the point. For a normal economic flow we need 33,500 km of roads in Banat alone and one km of paved road costs DM1.5 million. There is no money in Timis [County], but there is "Comtim." It's a point of departure, but not of arrival. The German market does not need any more meat. So we are looking for third markets to secure a source of hard currency. For the time being, we are using whatever means we have to build sewage systems in Biled, Tomnatic, and Bacova (building engineer Alexandru Roman is in charge of this); we are building old-age homes, a large cultural center in Timisoara, and many other projects. Mr. Paul Iosif, our general contractor, is in charge of building.

[Ciobotea] Fast and efficient building has become a paradox in our country. But you are also engaged in a different kind of building, a more profound, spiritual building.

[Singer] We are consolidating. The German spirit you mentioned before, also means a strong, traditional culture, as well as an opening to the values of the Romanian spirit. In September we will hold the Nikolaus Lenau Symposium; in July-August the 70 children who make up the orchestra of the Timisoara Music High School (most of them Romanians) will tour Germany, as well as the 10 students (six Romanians and four Germans) who will participate in an art exhibition in Bonn. A band of German traditional music has been founded by the great conductor Peter Oshanitzky, and there are many others one could list. But I want to come back to the idea of opening to the Romanian spirit. Those who are using obscure publications to provoke nationalistic tensions have no chance regarding the Romanian-German coexistence. Let us not forget that in 1918 the ethnic Germans opted for the Unification. Speaking for myself, I cannot forget a recent event in Buzias, where after the consecration of the Catholic Church, we were invited to the Romanian Orthodox Church, where we were welcomed with a wonderful choir and a religious service. Many people around me, Schwabians or Romanians, were crying. I think that says a lot.

[Ciobotea] What do you think, Mr. Karl Singer, will they come back?

[Singer] First of all, those who stayed will not leave now. The German "exodus" is undoubtedly over. If democracy becomes a reality and the new economic structures become operational, Romania will become a great opportunity. A great opportunity for investment.

### **RTV Chief Razvan Theodorescu Interviewed**

*91BA1032B Bucharest BARICADA in Romanian  
6 Aug 91 p 16*

[Interview with Romanian Television Chief Razvan Theodorescu by Valentin Hossu-Longin; in Bucharest on 29 July "If One Month Ago Anyone Told Me I Was Going to Give an Interview for BARICADA, I Would Have Told Him He Was Mad!"—first paragraph is BARICADA introduction]

[Text] On Monday, 29 July, at noon, Professor Razvan Theodorescu was very intent on finding out how, in what conditions, and by whom Comrade Ilie Verdet had been installed in his position! On Saturday and Sunday he had been away from the office, as had Mr. Emanuel Valeriu, the director general of Romanian Television [RTV]. The investigations were underway when, together with my colleague Paul Agarici, I began the discussion that had been promised one week before. Our point of departure was the fact that our magazine carried many critical articles about the RTV in general and the continued presence of some people who had...distinguished themselves under the Ceausescu regime as notorious propagandists! Our interlocutor explained to us at leisure why he was defending some and how he got rid of others.

[Theodorescu] The old system had "lackeys" by the tens and hundreds of thousands. As it happens, I was not one of them; as is known, I minded my own business, which was art and history. When I arrived here toward the middle of February 1990, I had to deal with the "cadres" issue, so to speak. I knew I was coming to an institution populated by a large number of eminent people with many talents, even writing talents, and by professionals with fantasy and imagination. Because they were working for a political institution dealing in propaganda, each one of them in his way had to sacrifice something and go against his own nature, which doesn't mean that they all served the regime....

[Hossu-Longin] They are not the issue, but the informers, the snitches, the Securists.... What became of them?

[Theodorescu] The first measure I took was to remove them, of course, with some elegance; they were not journalists, but the eyes and ears of the party, if not even the eyes and ears of the Securitate in this institution, known generically as "activists." Some of them I didn't even see, I fired them by phone once I found out who and what they were.

[Hossu-Longin] How many were included in this "operation?"

[Theodorescu] If memory serves, about 33 or 34 left the television two weeks after my arrival here.

[Hossu-Longin] What was their reaction?

[Theodorescu] Aside from one or two cases, the others realized that this was necessary, even if they hated me! Evidently, they hated not so much me personally, as the new regime, but they could not challenge my decision. Interestingly, I later learned that some of them were among those shouting "Down with communism" in the University Square.

[Hossu-Longin] Just as most of those left at the Central Committee headquarters on 22 December 1989 also changed their tune, one of them being Ilie Verdet, whom you mentioned in the beginning. Impeccably dressed, they quickly changed their "make-up" and were addressing one by "Mister," a word that until then had been banned from those three offices and even from the corridors. That is where we actually met: You were just coming from Primaverii to request Army assistance in order to rescue the art works amassed by the two dictators....

[Theodorescu] Yes, it was 1700, I remember very well...

[Agarici] I have some photographs of that moment, where you were among a group of civilians in the corridor....

[Theodorescu] Exactly. I had just met a guy who promised to help if we managed to come away from the building in one piece! In fact he was a venerable Securitate commanding officer, Colonel Ardeleanu, whom I later saw again on video. The person who fired me from the University in 1959 also thought of himself as a "revolutionary...." But let's get back to our discussion. I knew that a few of the dictator's former collaborators were still in the institution. I told them to...take two steps back and put a muffler on their activities. One of them said: "I often accompanied Ceausescu, so I'll step aside!" That was Ilie Ciurascu; he had the elegance, decency, and wisdom to retire. I still enjoy meeting him and I no longer superimpose his image on the image of the couple whom he accompanied as a professional and as a good journalist.

[Hossu-Longin] But that was a unique case, wasn't it?

[Theodorescu] To me it was a model case. Now I want to ask you a...rabbinical question.

[Hossu-Longin] It's not for nothing that you are accused of all the Jewish evils!

[Theodorescu] ....Who is guiltier at RTV, the speaker who reads the texts or the person who wrote them? Who is more compromised? Why were Victor Ionescu, or Petre Popescu, or George Marinescu discredited? They were only reading scripts! From my point of view, if they

were guilty of anything, they utterly atoned for it during the days we witnessed; that's the reason that they are still with us, except for George Marinescu who went to work for the government.

[Hossu-Longin] The accusing articles were dealing particularly with Radio personnel.

[Theodorescu] That's what I was leading up to. I will take the most notorious case, for which I was most upset at BARICADA, namely Director General Eugen Preda. I had known him only by voice and from some very accurately written articles on contemporary history. After meeting him personally I can tell you the following: Eugen Preda is viewed by many as a difficult character. But he is first and foremost a first class professional. When I came here as chairman he was acting for my predecessor Aurel Dragos Munteanu at the Radio. I had decided to bring in a new director general and was thinking primarily of Virgil Candea or Dan Berindei. But each one of them demurred, for various reasons. I discussed possible successors even with Eugen Preda, who told me he wanted to retire. With each additional meeting between us I was discovering in Preda the qualities of a great journalist, and at the same time, beyond his apparent severity, I discovered a man of certain candor!

[Hossu-Longin] Candor in Eugen Preda? I can't believe it. I knew him 20 years ago, but I couldn't say the same.

[Theodorescu] Yes, yes, after about two months I realized that he was a man with whom one could embark on a long journey. And if you wish, the coup de grace came (and I'm revealing it publicly!) at a moment at which he had, if you like, even an aura of humor. It was on the eve of the UN session and the president was leaving for New York; he asked to be accompanied by a very competent commentator. I called Eugen Preda and he answered my offer with, I would say, ancient wisdom: "Professor, I went there with Gheorghiu-Dej, then with Ceausescu, it's not a good idea that I should now go with Iliescu!" Well, Mr. Hossu, I doff my hat to such a man, I shake his hand, and I reinforce him in his position! And if the Radio is currently as successful as it is, that is also thanks to Eugen Preda's management!

[Hossu-Longin] OK, I see. But our articles also dealt with other discredited people whom you kept on or even promoted in post.

[Theodorescu] True, but when I read all sorts of funny stuff about Dan Ursuleanu I laugh, because I have known him for a long time and I know that he is a first class professional. I appointed as director Ursuleanu the professional, not the Ursuleanu about whom BARICADA wrote that previously he held I don't know what position! But there have been situations in which I had to agree with the press, like the Costea case. In the end he had to retire from the Radio. When the press was right, we didn't tie stones to our own feet. But nowhere in the world, whenever there was a revolution, whenever structures were radically changed, no one and nowhere did

this—especially in the propaganda, culture, science, and art areas—namely, to fire overnight those who by virtue of their profession were submissive to a totalitarian system, to the authorities. As a person who was not subjected to the regime, I, Razvan Theodorescu, don't have the right to sit in judgment of those who were. I had a schoolmate who wanted to do an interview with me during Ceausescu's time. I said I would not give him an interview because I would have to quote the dictator. He, however, by nature of his profession and job, was forced to do it!

[Hossu-Longin] Let's assume that you're right about this case. But what do you think of those who were overzealous?

[Theodorescu] About those I won't talk. They are damnable and they should step aside. Some of them did, with some decency, but others are beating their breasts. Some I defend and some I accuse, the latter being the ones who now claim to have been pure as the driven snow!

[Hossu-Longin] How did you select the other director general, Mr. Emanuel Valeriu?

[Theodorescu] When Constantin Petre, whom the revolution caught here, retired, his post became my big problem. For the TVR (and I would like to dispel the myth about the shady circumstances in which Emanuel Valeriu was brought in) I am the one who suggested him to the prime minister (because this position requires his approval) after lengthy discussions with Cristian Topescu. What I thought was: For the TVR I need to bring in a journalist who has wide public recognition, one who knows the specific work involved, who worked in Ceausescu's time, but who was removed from the Television! Only two people met those criteria to perfection: Topescu and Valeriu. The former told me he was not prepared for this kind of thing.

[Agarici] You forgot Carmen Dumitrescu....

[Theodorescu] Yes, as far as I know, she is a good professional; I knew her years ago, especially through my professor Emil Condurachi, with whom I had collaborated extensively on broadcasts about history, archeology, and art. However, in view of her overall behavior after 22 December 1989, Carmen Dumitrescu did not seem to perfectly meet my criteria.

[Hossu-Longin] And thus you chose Emanuel Valeriu....

[Theodorescu] Yes, but he did not accept right away. He even sent me a letter about his hesitations, about not being prepared for this kind of job, and so forth.

[Hossu-Longin] It is very important that you have shed light from your point of view on aspects that are not very well known. We will publish them in their entirety.

[Theodorescu] After talking with Mr. Eduard-Victor Gugui I realized that we could have a frank and candid dialogue, beneficial to everyone. I was given to understand that many things have changed at your paper

recently. Indeed, the magazine is increasingly improving; it is still harsh, but it doesn't hit below the belt, it is serious and courageous, very accurately written and at a good publicistic level, and it addresses the most acute current problems. That is the reason that we are face to face today. If I told BARICADA's readers that in the first few days after the revolution we two were trying to found a magazine on archeology, history, and ancient art on the basis of one of your inspiring ideas, they will understand the closeness between us. One thing has to be thoroughly understood: Many people think that I personally and my team have something against those who attack the TVR! God forbid! The institution as such can make progress only if it is criticized, albeit at times unjustly, because the public is quicker to realize the

truth. In one and a half years, during which time I think I was the most reviled person in Romania, I reacted only once, when the limit of the absurd was reached. That was a few days ago, when I called in Mr. Mitrol of TINERETUL LIBER and told him: "Look here, how can you write that I was spending my vacation in Ceausescu's villa at Neptun?" The fact that you are hard on the TVR is no reason for us to fight! The situation becomes serious when I feel that some of my collaborators are attacked even though they don't deserve it and when they are hit below the belt. This can no longer be said about BARICADA. I have to admit that if one month ago anyone told me that I was going to give an interview for BARICADA, I would have told him he was mad!

### Markovic Policy Favors Serbia, Slovenia

91BA1040A Zagreb *VJESNIK* in Serbo-Croatian  
15 Aug 91 p 4

[Article by Branko Podgornik: "When Markovic 'Is Serving as Gravedigger'"]

[Text] Following the breakdown of negotiations between the Federal Government and Slovenia in Ljubljana over defining the obligations that arise from the Brioni Declaration, the question arises as to what goals are to be served by the three-month moratorium on the Slovene and Croatian decisions on independence. Whose interests are supposed to be served by the period in which conditions are to be created for commencement of the new round of multilateral negotiations on future relations among the republic?

The Slovene side has refused to pay customs duties into the Federal budget, which Markovic judged to be a serious violation of the Brioni Declaration and of the obligation to establish the minimum powers for operation of the Federation while the ground is being prepared for negotiations concerning future relations.

### Slovenia Is Suing for Damages

The Brioni Declaration calls upon Slovenia to regulate relations with Federal authorities in accordance with the mutual agreement dated 20 June, that is, before adoption of the Slovene declaration of independence. The Federal Government believes that the Slovenes should continue to pay customs duties into the Federal budget just as they once did. However, the Slovenes say that they will begin to pay the customs duties when the FEC [Federal Executive Council] fulfills certain prior Slovene conditions, among them the stipulation that the Federation pay Slovene firms damages because of the war in Zaljevo and the war in Slovenia.

It is interesting that Slovene representatives began counting the days of the three-month moratorium on their decisions on independence on 26 June, while the Federal representatives feel that that moratorium has not even begun, and that the days can begin to be counted when an agreement is reached on the minimum functioning of the Federation, and that is to be among all the parties, not only between Slovenia and the FEC.

It is also interesting that the Slovene media have seen Markovic's unyieldingness above all as the economic interest of Serbia and the Army to take as much money as possible from that republic while they still have the chance. This need not be far from the truth, just as the fears that that kind of unyielding attitude on the question of northwestern borders is preparing the ground for a new attack by the Federal Army in Slovenia need not be merely rumors.

The most recent chill between Slovenia and the Federal Government might first be viewed through the political

prism. Here we should warn again of Markovic's insistence that the minimum functioning of the common state is to be achieved by agreement among all the parties.

### It Is Not Just a Question of Croatia

That is, in the background of the conflict between Slovenia and the FEC there is obviously the tendency for Ante Markovic, as the receiver of the disintegrating Yugoslav state, to work above all in the interest of Serbia and Slovenia, which are putting the strongest pressure on the Federal Government. However, the most logical thing to resolve the "crisis" in Yugoslavia would be for Mr. Markovic, so long as he is the gravedigger of the Yugoslav state, to do this in the interest of all the republics, because they all want to be independent—and this can be achieved least painfully by agreement (on the principles of respecting present republic borders and the rights of the minorities within them). The goals are similar and the differences among the republics lie only in their real status. Unless an effort is made to transfer the Federal state's identity as an entity in international law to all the republics in a coordinated and simultaneous way, there could be a still worse outcome than the one now indicated by the victims, Croatia above all.

While Serbia's imperial policy is striving with the help of the Army and the Serbian militants to hold a knife to Croatia's throat, an attempt is being made to force through the concept of Slovenia's secession from a truncated "Yugoslavia," that is, from an expanded Serbia, expanded, of course, at the expense of Croatian territory. At the expense of a third party—it is not just a question of Croatia—it will hardly be possible to achieve a satisfactory solution even for those who are attempting something of this kind.

### Slovene-Croatian Border Not Yet Formally Defined

91BA1008A Ljubljana *DELO* in Slovene 10 Aug 91 p 4

[Article by Tone Poljsak: "Who Will Be Our Eastern Neighbor?"—first paragraph is *DELO* introduction]

[Text] While it is really quite clear in terms of international law and politics that the sovereign Slovene state's borders with Italy, Austria, and Hungary are indisputable, and it is known what state/legal status those states have and will also have after Slovenia's final disassociation from Yugoslavia, a number of questions arise regarding the border with Croatia.

Even during the period before the elections, when ideas about Slovenia's independent path toward Europe were coming to the fore more decisively, experts observed that the Republic of Slovenia was acting on its territory as a successor to the SFRY in all the rights and obligations arising from Yugoslavia's international agreements with other states and international associations and organizations. Since the former SFRY's borders with Italy, Austria, and Hungary have been precisely established by

corresponding international agreements, marked on the ground, and are thus indisputable, they should thus not present any difficulties in our republic's legal succession. The fact that this is the case, not just in theory but also in practice, was demonstrated during the period after the plebiscite and after the declaration of Slovene autonomy and independence, when official representatives of all three of these neighboring countries (in one way or another) publicly stated that they would also respect the state borders in the event that the Slovene state is the legal heir to them instead of the SFRY.

Just like its neighbors, the Republic of Slovenia has clearly expressed the principle of the inviolability of the internationally recognized state borders of the former SFRY, and the interrepublic border between Slovenia and Croatia. The second paragraph of the constitutional act on the autonomy and independence of the Republic of Slovenia literally specifies the following:

"The state borders of the Republic of Slovenia are the internationally recognized state borders of the former SFRY with the Republic of Austria, the Republic of Italy, and the Republic of Hungary, in the portion in which those states border upon the Republic of Slovenia, and the border between the Republic of Slovenia and the Republic of Croatia within the framework of the former SFRY."

Regarding this provision, however, it is necessary to point out the differences between internationally recognized state borders, and the border between Slovenia and Croatia.

Until now, our views and measures in this regard have been based on the assumption that we are bordering and will border upon a friendly and allied republic, with which we would leave the SFRY, if not in the same car, then at least on the same train; and if that were the case, then there would not be any major problems with that border. Politically, it would be undisputed, since neither of the neighbors has any territorial claims in that area. It would only be necessary to define it formally and mark it appropriately, and also carry out a demarcation at sea. On that border, we would institute the so-called soft version of control over the flow of persons, goods, and products.

The state borders of the Republic of Slovenia are the internationally recognized former borders of the SFRY with the Republic of Italy, the Republic of Austria, and the Republic of Hungary, as follows:

The state border between the SFRY and Austria has been unchanged since the establishment of the Republic of Austria by the St. Germain peace treaty after World War I, and that clause has also been included in the State Treaty on the establishment of an independent and democratic Austria that was signed in 1955, and of which the SFRY was also a signatory.

The state border between the SFRY and Italy was determined by the peace treaty that was signed in Paris

on 10 February 1947 by the 21 countries in the Allied coalition, which also included Yugoslavia. The third article of that treaty contains a description of the state border from the three-border junction with Austria to Medja Vas. The fourth article contains a description of the border from Medja Vas to the mouth of the Mirna River near Novigrad in Istria, which was supposed to be the border between the SFRY and the Free Trade Zone, which was never realized. Through the London Memorandum of Agreement on 5 October 1954, Italy took over zone A and Yugoslavia took over zone B of the unrealized Free Trade Zone, and the demarcation line between those zones became the border, which was finally sanctioned formally and legally with the signing of the Osimo treaty on 10 November 1975. The maritime border in the Gulf of Trieste was also defined on that occasion.

The state border between the SFRY and Hungary has remained unchanged since the settlement of the Trianon agreement, which was signed on 4 June 1920 and was also confirmed as such by the Peace Treaty between the SFRY and Hungary, which was signed in Paris on 10 February 1947.

All three state borders of the former SFRY have been precisely defined on the territory of the Republic of Slovenia by various international-law executive acts and memoranda from joint commissions, and have been marked on the ground. Thus, there are no political, legal, or practical unresolved issues with our neighbors in this regard.

The border between the Republic of Slovenia and the Republic of Croatia has been formally and legally defined, with the exception of the maritime border, but has not been marked on the ground. That border, from Murska Suma in the north to Babno Polje near Sneznik in the south, is the country's traditional border, and also the border between the Drava and Sava banovinas. From Babno Polje to the sea, it was defined after the end of World War II primarily on an ethnic basis, but in Istra it was defined in accordance with the well-known Kardelj-Bakaric agreement, which designated the Dragonja as our border river.

With the complications surrounding the disassociation of Yugoslavia and the future status of its individual parts, and finally, upon the recognition that state border issues do not encompass only the police and security spheres, it becomes necessary to deal with the problem of our borders with political realism and optimal professionalism.

First of all, let us look at a political option that would provide a general framework for the nature of the Slovene-Croatian border, and on that basis, for corresponding organizational and other measures to institute it properly. We must add to the previous views, that this will be a border between two completely autonomous and independent states, other versions based on different scenarios as possible solutions. It is possible that by the end of the year Slovenia will really disassociate

from the rest of Yugoslavia without any restrictions whatsoever, but at the same time its neighbor would be a Croatia that would remain in some sort of confederal alliance with the rest of the federation that would be created by Serbia, Bosnia-Hercegovina, Macedonia, and Montenegro.

In that version, therefore, we would not border on a Croatian republic, but rather on some sort of confederation, and that means that the assumption that there will not be any sort of problems with that border is incorrect.

In order to begin to shed light on these issues, let us try to systematize them at least roughly. In doing so, we can note that these are not just police and security issues, but also affect three rather autonomous areas, namely:

- international law;
- domestic law; and
- organizational law.

In some of these areas, we have already created the foundations for regulating them by means of the independence legislation (which was partly suspended by the Brioni decisions), but in others that is not yet the case.

Let us look at what still has to be done:

1. It is necessary to conclude a classic bilateral treaty on the common state border with the Republic of Croatia (or the entity that will exercise international-law functions on its territory). It will necessarily have to contain clauses about its legal significance, demarcation on maps and on the ground, the border-crossing regime, the method of the jointly agreed-upon form of controlling traffic, people owning land on both sides of the borders, etc.
2. Within the framework of the above-mentioned provisions, it will be necessary to specify separately and bilaterally the tasks and working methods and the composition of an intergovernmental commission for marking and maintaining signs on that border (just as it has been done with Italy, Austria, and Hungary).
3. An international treaty is necessary to ensure free access through the territorial waters of the neighboring republic to the national maritime zone in the Gulf of Koper. That could be done by following the model adopted in the Osimo agreements, which give Italy the right to use the navigation corridor through Yugoslav territorial waters.
4. In disassociation agreements with the Federation, it will be necessary to ensure that we take over all the documentation on marking the borders with Italy, Austria, and Hungary that is kept by a special service in the Federal Secretariat for Foreign Affairs, since Slovenia does not have that documentation.
5. From the standpoint of domestic law, we have already adopted regulations on guarding and crossing the state

border. Nevertheless, it is necessary to amend article 9 of the Law on Foreign Affairs, or issue an executive regulation on the basis of article 8, by which a border service will be organized in the Foreign Ministry. Such a service handles borders from the standpoint of international law and keeps documents on how the borders are marked. It is precisely part of that organization, and not the organization for internal affairs, but it is possible that the law may transfer some of the business in marking the borders to an administrative organization, specifically, the Republic Geodetic Administration.

6. In the organizational area, we have likewise already created our own Customs Service; but we have not yet consistently, formally, and legally regulated the issues of international road and railroad transit, and air traffic control, or the transfer of certain former Federal authorities regarding border hygienic, veterinary, and plant disease control.

In connection with the regime on the Slovene-Croatian border, one more issue arises, which has, in addition to international-law aspects, exceptional political significance as well. It is the issue of demarcating Istria with the new state border; this brings completely new features into a formerly rather integrated area that has not been disturbed by interrepublic borders. Furthermore, on the Slovene coast and in Croatian Istria, this also concerns an area where an Italian minority lives. That minority is also guaranteed certain rights by international treaties that the SFRY has concluded with the Republic of Italy, and these rights apply to the entire area where that minority lives.

Fulfilling those rights in the future is not just a matter of having each of the SFRY's successors—Slovenia and Croatia—unilaterally adopt them; instead, it would be very appropriate for both states to commit themselves, in defining the border through a single international legal act, to fulfill them in practice on an equal level and with mutual coordination. Such coordination will be necessary particularly in implementing the provisions of the Videm agreement on individual border traffic and the Trieste agreement on border cooperation, which apply to part of Croatia as well as the border area in Slovenia.

At any rate, these are issues that are not associated solely with defining the Slovene-Croatia border, but are also very definitely associated with what that border will be like.

#### Bosnia-Hercegovina Presidency Platform Presented

91BA1040B Belgrade NEDELJNA BORBA  
in Serbo-Croatian 17-18 Aug 91 p 7

[“Text” of platform of the Presidency of the Socialist Republic of Bosnia-Hercegovina on the position of Bosnia-Hercegovina and the future arrangement of the Yugoslav community: “An Indivisible Bosnia in an Indivisible Yugoslavia”—first paragraph is NEDELJNA BORBA introduction]

[Text] Over the past eight months the Assembly of Bosnia-Hercegovina [B-H] has on several occasions attempted—as have other Federal units—to adopt a platform on the position of Bosnia-Hercegovina and its participation in a convention on the new Yugoslav community. Up to now, it has been unable to do this, if we omit the conclusion on the unchangeability of domestic borders (the initiative of the SDP [Socialist Democratic Party] which is in the opposition), which was adopted without deputies of the SDS [Serbian Democratic Party] and SPO [Serbian Renewal Movement]. As a way out of the stalemate in which the three ruling ethnic parties have found themselves on this issue, the Assembly ordered the B-H Presidency to prepare a “Platform on the Position of Bosnia-Hercegovina and the Future Arrangement of the Yugoslav Community.” Both members of the SDS in the B-H Presidency, Dr. Biljana Plavsic and Dr. Nikola Koljevic, expressed reservations about certain “foundations and institutions” contained in that platform. We are publishing the text of the platform in its entirety:

#### **Platform on the Position of Bosnia-Hercegovina and the Future Arrangement of the Yugoslav Community**

##### **Introduction**

The Presidency of the Socialist Republic [SR] of B-H does not see the interest of the Republic of Bosnia-Hercegovina in autarkic independence, but in mutuality and linkage with the present republics as members of a future Yugoslav community. With this in mind, all possible changes and every agreement on the nature of the government and arrangement of Bosnia-Hercegovina must be carried out with the full democratic procedure envisaged by the Constitution, not by force, by a quasi-legal redistribution of power, by establishment of quasi-constitutional institutions, nor by any other policy based on the fait accompli. Decisions cannot be made on the questions of the territorial integrity of Bosnia-Hercegovina and its state sovereignty outside of institutions nor by deals of any kind, but only through democratic procedure in which the citizens of Bosnia-Hercegovina will be free agents. Accordingly, the platform being offered here should be an expression of political will and a guideline for preparation of a new constitution.

The Presidency of the Socialist Republic of Bosnia-Hercegovina, in a session held on 14 August 1991 and on the basis of the resolution of the Assembly of the Socialist Republic of Bosnia-Hercegovina, has adopted the following

##### **Bosnia-Hercegovina**

1. Bosnia-Hercegovina will develop as a republic of its citizens in which respect for all human rights and freedoms of all citizens regardless of ethnic, religious, and political background will be ensured in keeping with the standards of a law-governed state and in keeping with international standards and documents.

(Alternative: Add the following to the paragraph above:

The appropriate structure of the Assembly of the Republic of Bosnia-Hercegovina will guarantee that the possibility is precluded of majority rule in the process of decisionmaking on the most essential issues affecting the equality of all the nationalities and ethnic minorities living in the republic.

The economic development of the Republic of Bosnia-Hercegovina will be based on private enterprise and a market economy.)

2. The Republic of Bosnia-Hercegovina is a sovereign and indivisible state.

3. The borders of the Republic of Bosnia-Hercegovina are inviolable (which is in keeping with the decisions of the Helsinki Conference) and unchangeable (which is a specific need of this environment and of this time in which territorial claims have been clearly stated toward the Republic of Bosnia-Hercegovina).

(Material from the present Constitution of SR B-H is an alternative to paragraphs 2 and 3 above:

“The Republic of Bosnia-Hercegovina is a democratic sovereign state of equal citizens: the nationalities of Bosnia-Hercegovina—Muslims, Serbs, and Croats—and of members of other nationalities and ethnic minorities living in it.” (Amendment 60)

“The territory of the Republic of Bosnia-Hercegovina is unified and indivisible. The borders of the republic may be altered by decision of the Assembly of the Republic of Bosnia-Hercegovina only consistent with the will of the citizens of the entire republic, expressed in a prior vote through a referendum, if the alteration is supported by at least two-thirds of the total number of voters.” (Amendment 61))

##### **Yugoslavia**

1. The Republic of Bosnia-Hercegovina, as a modern law-governed state, has a need and interest in achieving economic and political integration with all other such states. Certainly, the most natural political integration and the one with the highest priority in that sense would be the one that our republic achieves with the member states of the present SFRY. The form and depth of that integration should be established by agreement as soon as possible in keeping with the vital interests and political goals of our republic and naturally of all the other member-states of that integration as well.

2. The Republic of Bosnia-Hercegovina will strive in the future Yugoslav community to guarantee and respect all human rights and freedoms in every part of it and for the future Yugoslav community to consist of all six republics. The Republic of Bosnia-Hercegovina will also strive for the future Yugoslav community to have:

a) a unified market for goods, services, labor, and capital,

- b) joint foreign affairs,
- c) joint defensive forces.

(Alternative: Add the following to paragraph 2 above:

a) In the process of reaching agreement on the arrangement of the future Yugoslav community, two documents (conventions) should first be drafted and signed simultaneously, as follows:

(a) a convention on mutual recognition of sovereignty and inviolability and unchangeability of the borders of the present republics, and

(b) a convention officially creating the new Yugoslav community, and that document would contain the constitutive principles of that community.

The two conventions would be signed simultaneously, not one after the other.

b) Because of the indigenous structure of the ethnic composition of the population of the Republic of Bosnia-Hercegovina, this republic accepts and favors a Yugoslav community which would include the republics of Croatia and Serbia as integral parts.

c) If a majority of the republics explicitly stipulates it, it is possible that the convention (act) setting up the new Yugoslav community would be verified by the European Community and relevant international institutions.)

3. In a conflict between two or more neighboring republics within the Yugoslav community, the Republic of Bosnia-Hercegovina will support arbitration of the international community unless an agreement can be reached by peaceful means within the country.

(Alternative: Add the following to paragraph 3 above:

In a possible conflict between the republics of Croatia and Serbia, the Republic of Bosnia-Hercegovina will always be neutral and in compliance with international standards. However, in such conflicts the Republic of Bosnia-Hercegovina will offer the services of its goodwill as an intermediary in overcoming those conflicts.)

4. All joint institutions and organizations at the level of the Yugoslav community must be made up on the principle of republic parity.

5. The territorial defense forces in the Republic of Bosnia-Hercegovina are under the control of the republic's Presidency. Should there be an external attack on the Yugoslav community, those forces would be placed under the joint command.

#### Bosnian Muslim Party Leader Scores SDS, JA

91BA1036B Zagreb VJESNIK in Serbo-Croatian  
15 Aug 91 p 4

[Article by Mladen Milosavljevic, Sarajevo: "Democratic Action Party Press Conference: 'The Army Is Not the Boss in Bosnia-Hercegovina'"]

[Text] "Following the election in Bosnia-Hercegovina, the SDA [Democratic Action Party] reached an agreement with the other two victorious parties on the kind of Bosnia-Hercegovina they wanted, and that agreement is still in effect today. However, these days individuals want to impose some kind of agreements of their own and some vision of their own of Bosnia-Hercegovina," said the party's vice president Muhamed Cengic in a press conference held in the SDA on Wednesday.

"We have seen the initiative of the MBO [Bosnian Muslim Organization] and the SDS [Serbian Democratic Party] concerning an agreement in Bosnia-Hercegovina, but not including Croats. They want to agree about Yugoslavia without an agreement about what Bosnia-Hercegovina will be. However, when the SDA took the initiative in the republic Assembly for adoption of a declaration on the sovereignty of Bosnia-Hercegovina, the SDS was not agreeable. Even the Serbian nationality is not satisfied with democracy in Serbia. When Serbia is as democratic as Bosnia-Hercegovina, we will have something to talk about," Cengic said.

#### Krajisnik Is Being Obstructive

"The initiative of Slobodan Milosevic concerning the meeting of representatives of Serbia, Montenegro, and Bosnia-Hercegovina is not right either, just as it is not right for Momcilo Krajisnik, president of the Bosnia-Hercegovina Assembly who is obstructing the proceedings of his own Assembly, to go to Belgrade for those talks. The SDS is imposing a situation as though a decision could not be made without them regardless of the agreement made by all the others." Cengic emphasized that new negotiations among the three victorious parties concerning Bosnia-Hercegovina are indispensable; "otherwise, we will get in a much more serious situation, even though the economic situation is already disastrous. There will be no talk about the integrity and sovereignty of Bosnia-Hercegovina, because that is not negotiable. Bosnia-Hercegovina is sovereign and whole and must remain so."

In response to the question of his comment on the most recent report of the SSNO [Federal Secretariat for National Defense] on recruits leaving the JA [Yugoslav Army], which also mentions Bosnia-Hercegovina, Cengic said that the Army's attitude toward Bosnia-Hercegovina is not proper, because it has moved some of its troops from Slovenia, behaving as though it is boss in this republic, and is paying no heed to the legal and legitimate authority. "Their saying that they will prosecute some people under the criminal law perhaps means that the Army has already occupied Bosnia-Hercegovina.

There should be open talks with them, because they are behaving just like the LCY [League of Communists of Yugoslavia] used to behave. The Army cannot do anything in Bosnia-Hercegovina without passing through the legal government, or there will be misunderstandings, just as at the airport in Bihać, which has been occupied." Cengic repeated that of the four corps commanders in Bosnia-Hercegovina there is not a single Muslim, that they are all Serbs. The mobilization is taking away immense amounts of money. "The question is arising of whether Yugoslavia will exist at all after the JA is pulled out of Slovenia," Cengic said. Salim Sabić, the party's other vice president, added that if the Army does not listen to advice, then trust can no longer be placed in it.

#### **Reconstruction of the Government?**

Asked what would be done in the realm of foreign policy in view of the quiet occupation of Bosnia-Hercegovina, Cengic answered that it is high time to begin solving the overall Yugoslav issue and that the republic Presidency must turn to the Conference on Security and Cooperation in Europe. "Six republics cannot meet and agree on what kind of community they want, because they will not manage to do what Mr. Tuđman wants nor what Mr. Milošević wants. The Army and the people have been waging war in Slovenia, war is being waged in certain regions of Croatia, and there has been real bloodshed in Bosnia-Hercegovina." Cengic said that nothing can be exported any longer from Bosnia-Hercegovina via Croatia, because everything is being hijacked. Never before has there been such chaos. Today, it is the greatest thieves who are becoming rich. Asked whether the republic government would submit its resignation because of the situation in Bosnia-Hercegovina, which certain parties have announced as a demand, Cengic answered that the government could not operate as it should, and should therefore be reconstructed. Certain ministers ought to be replaced with abler men who will bear responsibility for what they do if they are not successful.

#### **Poll on War Views, Form of Armed Forces**

*91BA1036A Zagreb DANAS in Serbo-Croatian  
6 Aug 91 pp 24-25*

[Unattributed article: "Ronhill Test Surveys: Who Would Wage War"]

[Text]

#### **Views on the War**

In all three cities, a majority of the respondents believed that war is justified only in the case of defense. In Zagreb 22 percent, in Belgrade 24 percent, and in Ljubljana 26 percent believed that war could be avoided through political negotiation. In Zagreb 22 percent, in Belgrade 26 percent, and in Ljubljana 34 percent believed that there is no reasonable way of justifying a military conflict.

These views, which are mainly against war, are also confirmed by the next question which called upon the respondents to take a position on the punishment of people who refuse to take up arms under any conditions. In Belgrade 40 percent of the respondents, in Zagreb 54 percent, and in Ljubljana all of 92 percent disapproved of such an act. The punishment of such people is advocated by 23 percent in Zagreb, 22 percent in Belgrade, and only 3 percent in Ljubljana.

The highly radical thesis that war is the most important means of preserving the honor of the state and nationality is supported by 18 percent of those surveyed in Zagreb and 6 percent in Belgrade. It is a kind of curiosity that not a single respondent in Ljubljana chose this option. The highest number of unreserved advocates of a possible general mobilization if the political (republic) leadership should decide to wage war is in Zagreb (10 percent), then Belgrade (4 percent), and then Ljubljana (1 percent).

#### **The Bogardus Scale**

The Bogardus scale is an instrument in a written survey which measures the respondents' social distance toward social groups, values, and individuals. The respondents were asked to define their attitude toward members of the majority ethnic groupings living in Yugoslavia by means of seven categories that range from close family ties (marriage) all the way to relations of outright intolerance ("I do not want him in my republic at all").

A comparative analysis of the results obtained shows that in each republic center, separately, there is the smallest ethnic distance toward members of the dominant ethnic groups, while other relationships show that the commitments of the respondents are greatly influenced by governmental and political conflicts and convulsions, the legacy of the sociocultural environment, and prejudices.

#### **Forms of the Armed Forces**

What form of the armed forces is the most suitable to your republic at this moment? The graphs we are publishing [not reproduced here] show the views of the respondents in all three cities where the survey was conducted. But a complete explication of the responses received is possible only by examining the answers to the next question, which called upon the respondents to take a position toward the possibility of joining the armed forces which they have said are the most optimal for their own republic.

In Zagreb 39 percent of the respondents said that they were ready to join the armed forces, 20 percent were undecided and opted for the response "perhaps," while 21 percent explicitly said that they were not willing to join any form of armed formations.

In the Belgrade sample, the largest group was of those who would not enter any form of armed forces (34

percent). Only 1 percent fewer held the completely opposite opinion, and 23 percent were undecided.

A majority of the respondents in Ljubljana chose the professional form of a republic military force, and 42 percent felt that they would not personally join such an army. But 26 percent of the respondents did see themselves in that form of armed forces, while 32 percent of the respondents did not know or could not make a decision on this problem.

#### Table of Concepts

Of the 17 concepts offered, peace, freedom, and human rights were put in first place by these respondents on the basis of importance to their personal life. At the same time, this is the only point of contact in the comparative analysis of the table of concepts which we obtained in our survey of the views of respondents in Belgrade, Zagreb, and Ljubljana.

In Zagreb, peace is the highest value in absolute terms and was chosen by all the respondents (100 percent). The group of concepts which over 90 percent of the respondents consider very important in the Zagreb sample is somewhat broader. It includes seven concepts: freedom, human rights, employment, family, democracy, free enterprise, and money. Next, with more than 80 percent, come the concepts of solidarity, Croatia, and marriage; then culture, with 79 percent, followed by the concept of Europe, with 78 percent. Nationality (66 percent), equality (63 percent), and religion (62 percent) bring up the rear of the table on the concept of Yugoslavia, which only 17 percent of those polled in Zagreb consider important.

The concept of Yugoslavia, according to the results of this survey, is more important to people in Belgrade. They put it in 13th place, which is ahead of the nationality (58 percent), Europe (57 percent), free enterprise (45 percent), and religion (39 percent), while it is almost unimportant (8 percent) for people in Ljubljana. At the same time, the Slovenians put their homeland (96 percent) immediately after peace, freedom, and human rights.

The parent republics are somewhat less favorably placed in the Zagreb sample (10th place with 86 percent) and in the Belgrade sample (11th place with 79 percent).

#### Issue of Montenegro Borders, Eastern Hercegovina

91BA1052B Belgrade NIN in Serbo-Croatian 16 Aug 91  
pp 15-16

[Article by Zeljko Ivanovic: "Montenegrin Borders: Hercegovina at Our Fingertips"—first paragraph is NIN introduction]

[Text] Although communist cartographers had the fewest problems and hesitation concerning the borders of Montenegro due to historical reasons, and although

the Montenegrins until recently were satisfied with their total area of 13,812 square km, today there are more and more of them who are expressing dissatisfaction with the existing situation.

In a recent television appearance, when asked by a viewer what he thinks about the annexation of eastern Hercegovina by Montenegro and whether this would lead Montenegrins into a situation where they are a minority in their own republic, Dr. Branko Kostic, a member of the SFRY Presidency, said:

"I am in favor of preserving Yugoslavia as a federal community, and thus I also favor preserving Bosnia-Hercegovina as an equal and integral republic, naturally within its current borders. The dissolution of the Yugoslav community, however, would open up the question of administratively established borders, so that in that case any variant is possible. With regard to the fear that extending the territory of Montenegro into Hercegovina would make Montenegrins a minority, which, it seems to me, is being advocated by one party, I think that that is absurd."

Shortly thereafter, speaking at the celebration commemorating the 115th anniversary of the Battle of Bucedol, Momir Bulatovic, the "top man" in the Montenegrin state, commented on "how even today some would divide us, alienate us, and attempt to once again draw borders in places where they have never been and where they cannot be."

"Montenegro wants to live in a federal state community of equal republics, nations, and citizens. We will redraw state borders only with regard to those republics and nations that no longer want to live with us in the same state. We will not be sad to see those go who want to go, but we will not allow anyone to be taken away against their will and by force," Bulatovic emphasized on that occasion. At the same place, or as he said, "at the border that I do not see because it does not exist," Dr. Radovan Karadzic, the chairman of the Serbian National Council for B-H [Bosnia-Hercegovina], emphasized:

"Today, as in past wars, Hercegovinans look to Montenegro, as always, and they do not look in that direction in vain. They feel that in Montenegro a heroic heart beats for their Hercegovinan brothers. And as long as there is a Montenegro, no one will separate Hercegovina from Yugoslavia!"

Although little can be concluded from the meager announcement resulting from the international meeting of the deputy prime ministers of Montenegro, Serbia, and B-H (Zizic, Kosutic, and Simovic), it is difficult to avoid the impression that during the talks between the three experts in constitutional issues there was no talk of future, mutual borders and relations.

The very next day, POBJEDA carried a photograph and story from SLOBODNA DALMACIJA discussing the meeting in Sinj between writer Jevrem Brkovic, former Croatian Minister of Defense Sime Djordan, and the

chairman of the HDZ [Croatian Democratic Community] for B-H, Stjepan Klujic, during which Djordan reportedly proposed the creation of a confederation consisting of Croatia, B-H, Montenegro, Slovenia, and Albania!

#### Gulf: Indivisible Whole

It is obvious that the question of borders between the Yugoslav republics, which is becoming crucial to a resolution of the conflicts and disagreements within our country, is reflected in Montenegro as well, which has the fewest concerns in this regard.

"According to some of our republic-states, the current borders within Yugoslavia should be treated as state borders, meaning that in the event of 'disassociation,' or secession, they should be recognized under international law. For Montenegro, this position is untenable," says Prof. Dr. Gavro Perazic. "For us, the current borders are simply administrative-legal demarcations of authority among republican institutions, which in any other situation can be changed without international law having any effect on this. If we take into account the fact that none of our republics, with the exception of Slovenia to a certain extent, are ethnically homogeneous, then the breakup of Yugoslavia would immediately raise the question of the right of the nations to self-determination and to live in one state. Questions would also arise concerning the forced change in citizenship of a sizable number of citizens, which is contrary to the Pact on Fundamental Rights and Human Liberties signed in 1966."

Although communist cartographers had the fewest problems and hesitation concerning the borders of Montenegro due to historical reasons, and although the Montenegrins until recently were satisfied with their total area of 13,812 square km (or 5.6 percent of the total territory of Yugoslavia), today there are more and more of them who are expressing dissatisfaction with the existing situation. Clearly the most contestable border is the one between Montenegro and B-H, which is also Montenegro's longest border—225 km. Some people contend that it is an artificial, Comintern-defined border, while others say that it is historical and natural.

"The first official demarcations of the border between Montenegro and Hercegovina date back to the period of Petar II, who met with Ali-Pasha Rizvanbegovic twice, in 1838 in Grahovo and in 1842 in Dubrovnik, after which an agreement was signed between the "independent region of Montenegro and the Hercegovinan pashaluk," which established the following border: from Dragulje (Krivosija) to Grahovo-Duga Gorge, north of Niksic-Mount Lukavica, Stitov, and Maganik, to below the Monastery of Moraca," says Prof. Dr. Cedomir Pejovic, a historian. "After the victory at Grahovo on 13 May 1858, the Conference of Ambassadors of the Great Powers was held in Constantinople, at which a new, expanded territory was established for Montenegro, including Grahovo, Rudine, part of Drobnjak, Niksic Zupa, and part of Vasojevic. At that time, the

first borders in the shape of a cone were set up, and in inaccessible terrain the border was marked by a white cross. This border, set out at the Constantinople Conference, was only later verified at the Congress of Berlin, when Montenegro also gained international recognition."

Although in the Kingdom of Yugoslavia, the so-called Zeta Banovina included—besides Montenegro—part of Bosnia, part of Hercegovina, and Dubrovnik, the communists took the borders established at the Congress of Berlin as their basis when redrawing borders. It is said, however, that Djuro Pucar, Sr., demanded Herceg-Novи from Blazo Jovanovic!?

"Although I was working in Sandzak at the time, I remember Blazo and Andro (Mugosa—author's note) asking me during a meeting what I thought about Pucar's proposal that we cede Herceg-Novи to B-H in exchange for the territory around Sutjeska," says national hero Komnen Cerovic. "I said that that was absurd, because the Gulf [of Kotor] is an indivisible whole, spiritually, politically, and however else."

In this way the Gulf remained "integral" as a constituent part of Montenegro, or as Krleza once said, as a "logical continuation of its logical hinterland."

#### Better Expansion Than Contraction

The People's Party of Montenegro believes that the western borders of that republic, and thus the borders with both B-H and Croatia, are artificial and imposed.

"The border with Hercegovina was drawn by Franz Joseph, and later only reiterated by Josip Broz," says Dr. Novak Kilibarda, the leader of the "populists." "In that way, many villages and families were simply cut in two, so that today two brothers belong to different republics, and even to different nations, even though it is obvious to everyone that what we have here is one nation firmly linked by spiritual, linguistic, characteristic, and other ties. Accordingly, the border between Montenegro and Hercegovina exists only as a perception, first of Austro-Hungarian and later of communist policy."

The People's Party is also in favor of adjusting the Montenegrin-Croatian border so as to give Prevlaka and RT [expansion not given] Ostro to Montenegro!

"In awarding RT Ostro to Croatia, the Communists trampled on the foundations of international law, according to which, speaking in simplified terms, every geographic detail belongs to the region whose life, especially economically, depends on it," says Kilibarda. "In this way, the Gulf became similar to a house whose door does not belong to the owner, but rather to a neighbor."

In addition to all this, Dr. Kilibarda questions the Montenegrin border with Metohija, "which, thanks to a communist misdeed, was taken away from Montenegro even though its army had shed blood to capture it."

"However, it is strange that the official government in Montenegro is not putting any of these questions on the parliamentary agenda; rather, it only mentions them, parenthetically and bashfully, from time to time," Kilibarda concludes.

This "weakness" concerning the western borders of Montenegro was recently demonstrated by the (Orthodox) Christian Democratic Party as well. It demands that the "Montenegrin army annex the territory of the so-called Dubrovnik region and eastern Herzegovina as far as the Neretva River (including Mostar)"!

"Annexed territory would be added to Montenegro only in the political-legal capacity of an autonomous region of the Montenegrin borderland, while the motherland state would remain Montenegro within its present borders, including RT Ostro," say the Christian Democrats. In this way, Montenegro would be assured of prosperous development, encompassing a population of 100,000 and a territory greater than 20,000 square km!"

The other side of the current political reality of Montenegro, concentrated in the Alliance of Reform Forces, does not long for more territory than the republic has today. They want even less, they say, in exchange for a greater population.

"It must be clear to everyone that the Yugoslav region is too small for a Greater Croatia and a Greater Serbia at the same time. Montenegro's good fortune is that, thanks to its tradition, it does not have to invoke AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia], but can instead look to Grahovo, or Vucji Do, or the Congress of Berlin. At the moment it is risky, and moreover, I think, politically unjustified to advocate the annexation of eastern Herzegovina by Montenegro, which, it seems to me, only the authors of such projects regard as sensible. Although our starting point is the citizen, and not the nation, it is inevitable that in connection with this the question arises of whether the annexation of Herzegovina, and possibly of Metohija as well, would mean that Montenegrins would become a national minority in their own state," says Vujica Lazovic, a member of the executive committee of the reformists.

#### Macedonian Media Anti-JNA Views Criticized

91BA1044B Belgrade POLITIKA in Serbo-Croatian  
18 Aug 91 p 7

[Article by Ljubodrag Stojadinovic: "Major Transport of Macedonian Albanians"—first paragraph is POLITIKA introduction]

[Text] The attitude towards the JNA [Yugoslav People's Army] as a "Serbian army" is a classic defense and practical justification for all types and forms of separatism.

Ever since three days ago, official Macedonia and its information system have revealed their antiarmy nature.

There are too few newspapers in our southernmost republic to handle the full effusion of sudden (?) indignation towards the Yugoslav People's Army. Extremely serious appraisals of the Federal Army are also plenteous, as are constructs concerning its ultimate intentions in its long-term deployment in the north of the country.

Although the immediate reason for the odium being directed towards the Army is the correspondence between Macedonian President Kiro Gligorov and Gen. Kadijevic, the causes have been building up for months. Macedonia recently discovered its greater-state atavism, and the aggressive tenor of the pro-Bulgarian political party VMRO [Internal Macedonian Revolutionary Organization] opened up nearly all the valves of the previously suppressed Serbophobia, while remaining in Yugoslavia was made conditional upon preserving all its current actors.

The Split incident and the death of soldier Sasko Gesovski were misused in the party's political struggle. The VMRO counted on that misfortune in its deception, blaming the JNA for the death of the soldier based on the plan already drawn up in Split and Zagreb. The proximity of the viewpoints of official Zagreb and the most powerful political party in Macedonia was for the moment, however, disrupted by the nationwide protests against the Ustasha government in Croatia, but that attitude was gradually neutralized by corresponding political moves. It was officially demanded that Macedonian soldiers be transferred to their own republic, and that recruits not complete their term of military service only in the immediate surroundings. The VMRO officially demanded the departure of the JNA from Macedonia and the formation of a Macedonian national army.

The president of Macedonia, who reached his zenith in self-management Yugoslavia, interpreting the Law on Associated Labor in his capacity as president of the SFRY Federal Assembly as an "act that ultimately brings the liberation of labor," is providing the crowning touch to the end of his political career through a final settling of accounts with Yugoslavia and his entire past. Appeasing the aggressive VMROist Ljupceto Georgijevski and the inertia of the voting population, fighting against the Kumanovo version of solid Yugoslav identity, Gligorov has sought a concept for the new state in national consensus, adapting to increasingly vocal separatism, as well as the possibility of rapprochement with his eastern neighbor. Adopting certain democratic semblances in providing information to the public, the strong anti-Yugoslav lobby, which in fact sprang up in romantic hearts only in the Yugoslavia where a Macedonian nation had been realized, very quickly equated the JNA with a force for realizing Greater Serbian ambitions. In this way, Serbophobia gained a legitimacy that materialized on the level of the declared sovereignty of Macedonia.

The decision by the SFRY Presidency to withdraw JNA units from Slovenia prompted the statement, made only

one day later by Vasil Tupurkovski, that given certain conditions the same step by the Federal Army will be demanded with respect to Macedonia as well.

In order to nurture its own variant of separatism, the Macedonian political leadership did not agree to any variant of a "truncated Yugoslavia," especially after gaining the convincing knowledge that their survival within existing borders is impossible.

The letter from Kiro Gligorov to Gen. Kadijevic, in his capacity as president of all Macedonians, is only at first glance a courteous appeal appropriate to an upstanding politician. Besides the fact that he practically demands that the JNA cease to exist and function, Gligorov concludes the letter with an almost surrealistic explanation: "This appeal is based on the need to ensure greater protection of soldiers from Macedonia, since the Republic of Macedonia has in no sense contributed to this type of situation in the country and does not support fratricidal war...."

The logic applied in the letter to the Federal minister of defense is in fact the product of dreadful fallacies. "Greater protection" of recruits is what the impermissible bidding with the lives of the youngest members of the Army, who neither deserve nor bear responsibility for the military-political skirmishes in our country, is all about. It is overwhelming to realize that Gligorov directly links the fate of the recruits with the wisdom or stupidity of the current republican political ensembles.

Closing one's eyes to the fact that war is possible in Yugoslavia at any moment in any part of the country, and that it is most of all because of this that separatism is extremely dubious protection against the spread of the pestilence of war, turns into blindness given the major interethnic problems in Macedonia itself. Intensive contacts between certain political officials of that republic, including even Prime Minister Kljusev, with official Tirana, are perhaps one of the models for the future attitude towards the sensitive, almost purely Albanian part of the republic. Serious analysts are not inclined to reject the variant of a "transfer of the Albanian danger" to Kosovo, under the umbrella of common odium towards Serbia. The version in question here concerns committing the full potential of Albanians from Macedonia to a potential opening up of a "southern front," which is directly linked to the military development of the situation in Croatia.

Official Macedonia and its press, literally taking advantage of certain formulations from somewhat dried-up sources, are reanimating the theory of a "Greater Serbia," which in every variant would allegedly consist of a "truncated" Yugoslavia. This is the light in which the causes, reasons, and results of the struggle by the Serbian nation in Croatia against that republic's state terrorism are being seen, which objectively takes the edge off the declarative objectivity of the Macedonian region.

This is why the attitude towards the JNA as a "Serbian army" is also interesting. This is the already classic

defense of all types and forms of separatism. Macedonia is pleased that the press in western Yugoslavia regards it as democratic and that it is included in the ranks of those struggling against the army and "Serbo-communism." It believes that it is quite adequate for now for it to refuse to send recruits to the JNA and to propagate the conviction that the Serbs are to blame for everything. Everything else will happen only by its own designs.

### **Initiative for Joining of Two Krajina Regions**

*91BA1052A Belgrade NIN in Serbo-Croatian 16 Aug 91 pp 14-15*

[Article by Srdjan Radulovic: "Peacemakers' in Camouflage Uniforms"—first paragraph is NIN introduction]

[Text] By insisting on his own positions, Milan Babic could lose some of his political standing in the motherland, where at the moment official political circles are exclusively interested in resolving the Bosnian question.

Following the political schism, is Krajina now experiencing a military schism as well?

The first part of this question is pretty much a familiar subject with regard to the political disagreement between Dr. Jovan Raskovic and Dr. Milan Babic. For the second part of the question, the essential elements concerning the character of the conflict are missing, regardless of the recent statements and mutual name-calling by Capt. Dragan and Babic. In any event, this conflict has attracted the attention of the public, but on the same level that was characteristic of relations between Raskovic and Babic, which could be termed "superficial."

Specifically, it should not be forgotten that these two schisms have not resulted in polarization among Krajina Serbs on the broad political-military scene. Practically ever since its founding, the Serbian Democratic Party [SDS] has only formally held the status of a party in the classical sense of the word, while the prominent role of the Serbian national movement has been in the foreground. This is why the conflict within the leadership of the SDS has not spread further in concentric circles. Also of crucial importance has been the development of events on the political—and also later the military—"Yugo scene," as well as the process of political gradation of the nation-building qualities and the functioning of the national movement in black-and-white divisions ("Brankovicites" and "Obilicites"), which was advocated by both Raskovic and Babic. The imperative character of the thus imposed local political outlook shattered attempts to give nuances or a pluralistic image to nationalist politics.

One should not expect that the latest—conditionally speaking—military schism between the "unknown hero," Capt. Dragan, and Milan Babic, who recently added to the list of his functions the role of supreme commander of the Krajina armed forces, will result in serious friction and the possible creation of special armed formations, although the departure of Capt.

Dragan has elicited dissatisfaction among his most loyal fighters. Most of all because of the symbol of the four S's, the modality of which is dictated by the current Krajina government, proportional to unity "based on weapons" in the defense of Krajina political options.

#### Insistence on Unity

Thus, one might say that in both cases what has happened is conflict or disagreement between authoritarian figures, whereby Raskovic and Capt. Dragan wore the "halo" of authority based on popularity and a certain charisma, while Babic held authority based on the government's acquired position. In this type of situation, a question arises in connection with the further unraveling of events in Knin-Zagreb relations, whereby one cannot ignore the current ideas, as well as any new ones, in approaches to resolving the political crisis. There is no doubt that Babic is the creator of Krajina policy. The extent to which it coincides with the political positions promoted by Slobodan Milosevic and politically espoused by the ruling SPS [Socialist Party of Serbia] in Serbia is more or less of no consequence. Specifically, just as the view of Croatian government, interwoven as it is in the Croatian media, is extremely biased, alleging that the Serbs have been manipulated and led into the role of a "fifth column" in Croatia, a similar bias can be seen in the stance concerning some sort of fully autochthonous Krajina policy. The Serbs cannot be reduced to a politically and nationally illiterate nation, as reflected in the Croatian "understanding" of the Serbian national movement in Croatia, any more than one can rule out the influence of the motherland during a period of national homogenization.

Achieving the position of "top man," Babic has neutralized the possibility of an internal "putsch" in the Krajina armed forces. Moreover, the SDS of Krajina has for months now foregone public announcements concerning certain events, not appearing in public where ordinary party activities are concerned, which gains importance when one considers that it is the ruling party. Supporters of Raskovic's SDS are excluded from political life, having been proclaimed "unauthorized to act" on behalf of Serbs in Krajina, while Babic recently announced that Raskovic can represent only "Serbs in Croatia, but not in Krajina." In the government system as well, "thank you notes" are quickly sent out to those who are not loyal to the very end, as in the latest case with Krajina Vice Prime Minister Dusan Starevic, whose crime was to attend a meeting of Serbs in Lipic initiated by Dr. Raskovic and Dr. Milorad Punovac.

On the military scene, an important position is held right now by Milan Martic, who in the hierarchy is the number-two man in the Krajina armed forces. Aware of the possibility of an intensification of the conflict between Babic and Capt. Dragan, Martic is insisting on unity, noting at the same time that this is a "small, banal conflict" and that by touring the region and talking with people he will "neutralize the negative consequences" of this incident. He is full of praise for Capt. Dragan, and at

the same time he emphasizes that reports to the effect that he is in conflict with Babic are inaccurate.

#### Mutual Intransigence

Considering all of this, a settlement in Krajina-Croatian relations can be regarded only through the prism of Babic's positions. These positions can be found in his message to the effect that Krajina will not be part of any Croatia, while Babic rejects the "offer" from the Croatian side in connection with possible political-territorial autonomy by saying that this can be considered only with regard to the regions outside Krajina "where Serbs are in a majority and that are not included in Krajina or western Vojvodina." In all honesty, the Croatian side did not define the content of its "offer" either, although the proposal for this plan was worked on by a team headed by Dr. Zvonko Lerotic, an advisor to the president of the Republic of Croatia, Dr. Franjo Tudjman. There is no doubt that the degree to which the "offer" applies depends on the development of events and the situation at the front, but a recent statement by Tudjman is indicative, in which he did not talk about political-territorial autonomy, but rather about "local home rule," without specifying what this meant.

One should not expect that Babic will change his opinion, at least not that quickly, nor that the Croatian government will be extravagantly generous in its "offers." However, adjustments in both sides' positions could be influenced by the newly launched process in which Serbs and Muslims in Bosnia-Hercegovina [B-H] are coming to an understanding. The Muslim Bosnian Organization has made a "historic agreement" with the SDS of B-H conditional on renunciation by the Serbs of a national regionalization of B-H, which has not only been accepted, but also resulted in "tripartite" negotiations in Belgrade.

Since it is known that Dr. Babic is the initiator of the unification of the SAO [Serbian Autonomous Region of] Krajina with the Bosnian Krajina, he would now have to abandon this initiative. The "signal" has also arrived from the Banja Luka headquarters of the SDS, which supports the Karadzic-Zulfikarpasic agreement. Despite this, however, Babic is offering his vision of a future community in which he sees Serbia, Montenegro, and Macedonia as a unified political territory, but with no mention of Bosnia-Hercegovina. Insisting on this type of option and on his current positions could lead Babic (and Krajina) into a sort of self-isolation, while holding onto acquired positions would be possible by maintaining a wartime psychosis, which will not depend exclusively on the situation in Krajina. On the other hand, by insisting on his own positions, Babic could lose some of his political standing in the motherland, where at the moment official political circles are exclusively interested in resolving the Bosnian question, in order to neutralize the ambitions of the Croatian government in animating its "natural allies" and shifting the front to the Sandzak and Kosovo-Metohija regions.

The reality of the current situation and the settlement in Knin-Zagreb relations can be seen in the mutual intransigence and the ever-smaller chances of a compromise agreement. Moreover, the increasing certainty that the "language of weapons," and not of negotiation, will carry the day is reflected in the ever-greater number of politicians in camouflage uniforms.

#### **Army Withdrawal From Slovenia Accelerated**

*91BA1057A Ljubljana DELO in Slovene 15 Aug 91 p 3*

[Article by Vinko Vasle: "Army's Accelerated and Revised Withdrawal From Slovenia"—first paragraph is DELO introduction]

[Text] The Yugoslav Army is supposed to withdraw from Slovenia as early as the end of August—to the historical borders of Greater Serbia.

Ljubljana, 14 Aug—Since 8 August, the Yugoslav Army's withdrawal from Serbia has been continuing in accordance with a new schedule. Specifically, several days ago the general staff of the SFRY Armed Forces sent the commands of all the units on Slovene territory a document entitled "Revisions in the Plan for Redeploying Units of the Fifth Military District From the Territory of the Republic of Slovenia."

A particular feature of this revised plan is that all JA [Yugoslav Army] units are mostly supposed to withdraw from Slovenia by the end of August 1991, and only a smaller portion during the period until 10 September. Thus, according to this plan, the command of the Ljubljana corps, along with headquarters units, will move to Doboј by 5 September, but according to the original plan that move was to take place by 20 September 1991. Between 1 and 4 September, the first armored brigade in Vrhnika is supposed to leave for Banjaluka, but all other units are supposed to withdraw from Slovene territory by 31 August or 1 September at the latest. All of the Army logistical support bases are also supposed to leave by 5 September. This mostly involves moving storage depots (of fuel and weapons), which, in accordance with a decision by the command of the Fifth Military District, are being moved to Serbia and Bosnia-Hercegovina. The 345th mountain brigade will move from Kranj to Travnik by 1 September at the latest (by 10 September, according to the original plan); the 228th motorized brigade is going from Postojna to Bihac (by 1 September); the first armored brigade is moving from Pivka to Titograd (by 1 September); the second armored brigade is to leave the same garrison at the same time for Novi Pazar; the 253rd motorized brigade is leaving Ajdovscina for Doboј (by 22 August), and so forth.

At any rate, let us just look at the areas to which the JA is withdrawing from Slovenia: Banjaluka, Travnik, Bihac, Titograd, Novi Pazar, Brcko, Doboј, Zenica, Sarajevo, Mrkonjic Grad, Valjevo, Sabac, Raska, Trebinje, Koceljevo, Obrenovac, Gornji Milanovc, Cacak, Jakovo, and Mostar. Most of the JA units are consequently leaving Slovenia for Bosnia-Hercegovina

and western Serbia, and some strategists and people familiar with the situation associate the revised plan for the withdrawal—which differs substantially from the original one—and the JA's accelerated withdrawal from Slovenia with the fact that in effect the Army wants to "guard" Greater Serbia's "historical" borders, while at the same time filling the gap in place of the units that are intended for more offensive actions against Croatia, and according to some Army plans, against Slovenia as well.

#### **Serbian Defense Minister Simovic Interviewed**

*91BA1044A Belgrade POLITIKA in Serbo-Croatian 18 Aug 91 p 7*

[Interview with Lt. Gen. Tomislav Simovic, Serbian minister of defense, by Branislav Radivojsa; place and date not given: "Defense Is Obligation of the State, Not of the Party"—first paragraph is POLITIKA introduction]

[Text] Every civilized country has unified armed forces, which are under the exclusive authority of state institutions, says Lt. Gen. Tomislav Simovic in an interview with POLITIKA. The response from recruits from Serbia is very good. Not a single party in the world draws its country's security into question through its activities. From where come the attempts to create paramilitary formations in Serbia?

Many "military topics" are currently the focus of attention among the broad Yugoslav public. For example, there are various opinions about the role of the JNA [Yugoslav People's Army] in the present-day clashes, about the formation of national and party-based armed formations, about peace movements, and about the recruitment of soldiers.

All of this was the reason for our interview with Lt. Gen. Tomislav Simovic, who recently became the minister of defense in the government of the Republic of Serbia (before which he was commander of the Skopje military district), whom we first asked for comments on the development of events in the country and, in particular, the role of the Army.

[Simovic] The country's supreme military leadership has for some time suggested that foreign factors will have a significant influence on the Yugoslav crisis and on the course of that crisis. I think that this assessment is proving to be completely accurate. At the moment, our crisis has become significantly internationalized, and the secessionist leaders are calling for its military internationalization as well.

Under the present conditions, however, the role of the JNA is clear. Its duty is to make possible a peaceful outcome to the Yugoslav crisis and, secondly, to make it possible for all nations of Yugoslavia that want to live in a common state, as well as for those who do not want to do so, to make these desires a reality in as peaceful and democratic a way as possible. The very integrity of the Army is built on these key duties.

At this very juncture, some forces are trying to remove the word "People's" from the name of the JNA. This is an attempt to deny the true role of the Army and to suggest the position that the JNA is only one of the participants in the general conflict, and that it is on the side of the Serbian nation—which is a most common delusion—and not a factor of peace and of avoiding bloodshed.

#### Another 20 Days for "Septembrists"

[Simovic] This role by the Army is made all the more significant by the very fact that the crisis is worsening. Because it is difficult to conceive of what would happen if there were no members of the JNA in the lines of conflict between the Croat and Serb populations in Croatia. The Army is there to prevent clashes or, if it comes to that, to ensure that the worst case is avoided, that the number of victims is kept small and that the cease-fire holds. If the Army were not there, who knows what the overall situation would be like and how many victims there would be in this civil war.

[Radivojsa] Still, it is known that the response of recruits to the JNA has been weaker lately and that it has been harder to fill units. Slovenia has completely "severed relations" with the JNA, and in several other republics, especially Croatia, the response by recruits has been minimal. Is this why it was decided to keep last year's September generation of recruits in the Army for another 20 days?

[Simovic] Yes, the representatives of the highest institutions in B-H [Bosnia-Herzegovina] and Macedonia are also in favor of keeping new recruits in their own republics. At the same time, these republics are issuing demands that all who have completed their term of military service be discharged from the JNA immediately, which means that the Army would be deprived of a large number of soldiers. This would draw into question its combat readiness and the performance of its combat duties. This is why the September generation of recruits, who have been temporarily retained following completion of their terms of service, have an honorable duty under these circumstances to prevent civil war and to fight for the preservation of peace in Yugoslavia.

[Radivojsa] How is the response from recruits in Serbia?

[Simovic] Very good, although during the first half of this year the response in Serbia was somewhat weaker in terms of percentages than last year, when 98 percent of those called up responded. During the first six months of this year, the response was 75 percent, while last month it was 84 percent.

When asked how he explains this very positive attitude by the Serbian population towards the JNA, especially among young people, Lt. Gen. Simovic says that a broad analysis would probably be necessary in order to respond to that, adding that the military obligation is perceived in Serbia as an important duty and right of the citizen. At the same time, there is a very explicit awareness of the

significance of the role of this republic in resolving the Yugoslav crisis, as well as of the fact that the fate of Serbs in other parts of the country depends in large measure on the attitude of citizens of Serbia towards them. In particular, this interest in the JNA has increased in parallel with the changes in the attitude of governments in individual republics towards the Serbian nation. Nor should one exclude the importance of tradition, as well as the fact that the Serbian nation suffered much greater losses in the creation of both the "first" and the "second" Yugoslavia.

#### Left to the Disfavor of Those Better Armed

[Radivojsa] If there is no Army, then there will be only national armed formations on the scene. Is this one of the specific reasons that the significance of the role of the JNA is growing?

[Simovic] The citizens would be left to the mercy and disfavor of those who are currently better armed, as well as of those who, for whatever reasons and interests, enjoy support from abroad.

[Radivojsa] In that case, how do you explain the fact that certain peace movements in Yugoslavia are in fact not well disposed towards the Army?

[Simovic] I think that it is logical that if there are forces for war then there are also forces for peace. It is also a good thing that these peace movements in Yugoslavia are interconnected, and that they are working together with European movements. But under the present circumstances, it would be more appropriate, in my opinion, to work on pacifying the belligerents and eliminating the causes that are leading to military conflict, instead of insisting on pacifism. Because it is certain that peace cannot be maintained amidst the intrusion of military conflict at any cost. And because the JNA is not provoking conflict, but rather preventing it, the peace movements have an interest in supporting the role of the Army.

Simovic warns that some of these movements are under the influence of individual political parties, and that some of these parties are directly working to dismember Yugoslavia.

The members of peace movements, as well as others, should be notified, says the minister of defense of the Republic of Serbia, that not a single organization or party anywhere in the world draws its own country's security into question. Moreover, when various demands are made of the JNA, one must consider what is an objective need and what in fact results in a threat to the country's security.

#### State Concerned About Volunteers

How does the minister explain the attempts to form paramilitary formations in Serbia?

He says that one must keep in mind that such formations have long since been established in Croatia by the ruling

HDZ [Croatian Democratic Community], and that as a result of this national and party-based arms buildup the threatened Serb population was forced to seek a way out in organizing themselves, even though it is known that such activity is against the law.

[Radivojsa] Some parties in Serbia are also trying to pursue this course?

[Simovic] That is also against regulation, because the authority to organize militarily is held exclusively by the state, not by parties and individuals. Moreover, the law provides for corresponding sanctions in such cases, and I expect that the Serbian state will be more persistent and active in preventing this sort of intention. But I hope that the members of these parties themselves will come to the conclusion that what they are attempting is only to the detriment of this republic.

We have every reason to rely on the JNA and the Territorial Defense Force of Serbia, especially since we know what the result of arms buildups by parties has been in the past and what the result has been in Croatia. Moreover, it is known that war is too serious a matter to let it be decided by "unserious people," and that weapons are too serious a thing for them to be in the hands of such people.

Every civilized country has unified armed forces, which are under the exclusive authority of state institutions. Anything else is illegal, and Serbia is guided by that knowledge. It is in this context that one must interpret our attitude towards volunteers. We have a great deal of experience with volunteers, in both Serbia and Yugoslavia, but concern for the volunteers is also felt by the state and its institutions, which in this way are ensuring the personal safety of the citizens.

[Box, p 7]

#### Sacrifices for Yugoslavia

"The Serbian nation in Serbia has provided enormous sacrifices, numbering in the millions, for the creation and preservation of Yugoslavia. And in both wars these were not sacrifices for 'Greater Serbia,' as people are trying to maliciously represent things today," says Lt. Gen. Simovic, adding that the interest of the Serbian nation is to live in one state and not to wage war for other people's interests.

#### JNA Is Not Against Multiparty System

"Army cadre are accused of being conservative and of offering resistance to the introduction of a multiparty system, but the fact that the competent institutions in the JNA have spoken out on this issue in a timely fashion is being ignored. We have tried," says Simovic, "through the SFRY Presidency, as the supreme commander of the Armed Forces, to point out a sequence of action: First, the conditions for the functioning of a rule-of-law state must be created, and afterwards a multiparty system

should be introduced. Unfortunately, what has happened, in contrast—and this comes as no surprise to us in the Army—is that the introduction of a multiparty system in some republics has been accompanied by a complete rejection of all Federal laws."

#### Police Role in Slovene Security, Defense System

*91BA1057B Ljubljana NEODVISNI DNEVNIK  
in Slovene 17 Aug 91 p 12*

[Article by Pavle Celik: "The Army's Intervention Did Not Surprise Us"]

[Text] The Federal Army's recent intervention in Slovenia was a sort of test for our republic's entire security and defense system. A considerable amount has already been written and said about the police's role in defending the homeland. Some things, however, are not known by the general public, although it is not inappropriate for it to become familiar with them.

#### Predictions of the Military Intervention

The leadership of the Slovene internal affairs authorities took into account the possibility that force might be used against our homeland's efforts to gain independence. The police had been implementing certain preventive security measures ever since the "fraternity and unity" rally announced for 1 December 1989 in Ljubljana. At that time, it was foreseen that the "brothers" from Serbia, Montenegro, and parts of Croatia and Bosnia-Herzegovina would be monitored by uniformed police. We can imagine what that would have meant. The pressures and threats continued, particularly after the elections last spring. All of this had to be monitored and analyzed, and measures had to be taken. As part of this, the police carried out a number of preparatory measures, which I will describe very briefly.

At the end of last July, we prepared predictions of the forms and nature of a possible forcible intervention by the Federal Army in Slovenia. We continually compared that document, which we called "25 July," with further developments in Slovenia and Yugoslavia. It was the foundation for our organizational and theoretical preparations for a possible defense. At the end of last August, the antiterrorist unit was reorganized and it acquired a new form and new working methods. That unit proved itself precisely at the time of the attack against Slovenia, since it carried out its part of the struggle against paratroops, terrorists, and special forces. On 25 November we completed an extensive plan for protecting the state border by the police and no longer by the Army. In doing so, we utilized West European experiences and mutual visits. That project is being fully used now, since on 26 July we took over full responsibility for the security of Slovenia's borders.

The establishment of two police units was based on these plans. The first is a mountain unit that was established on 18 January 1991, and then conducted thorough training in winter conditions. The unit has completely

security-related police tasks. At the beginning of March 1991, the Krsko traffic police station began operation, and immediately began to control traffic at the Slovene-Croatian border.

#### Training of Policemen

The next step in the police preparations was numerous forms of training. They took place during this winter and spring, and included 1,500 policemen. This was practical training for taking action in the most difficult security situations.

Primary attention was given to training a special police unit. First of all, it was the turn of officers of all ranks. Then it was the turn of the medical orderlies. Just a month before the Army's intervention, this training covered all members of that unit; this contributed to having the entire unit physically, mentally, and tactically prepared for the war. In the war, it bore the main burden of the Slovene police's defensive tasks.

The other focus in training was police military units. This means that not only active policemen, but also reservists were trained. The very name says that in practice they were training to act in a war situation. Of course, the officers are at one professional level, and the policemen are at another.

As a third form of training, the republic-level exercises, under conditions of hostile activity on our territory, are worth mentioning. One of them was practically (really) carried out during the war itself.

#### Police Mobilization

We also carried out all these measures while monitoring the positions and documents of the Federal Secretariat for National Defense. It was necessary to read the weekly NARODNA ARMIJA, the monthly VOJASKO-POLITICNI INFORMATOR, and materials that were also published in civilian news media.

Particularly interesting were the events in connection with the state border and customs. Once again, more soldiers came to the border guardhouses than had been there before. Gigantic stores of food that would suffice for several weeks arrived as well. Not even stocks of live food—pigs—were lacking. Heavy weapons appeared.

All the documents that confirm the credibility of what has been said about the police training and mobilization several months or days before the Federal Army's intervention have been kept, and I hope that they will remain available to experts who will be able, from a historical distance, to assess as well the Slovene police's capability of predicting and announcing security developments.

Because of this, our preparatory measures intensified with the intensification of the opposing side's preparations. As early as 20 June, all leave was canceled for policemen and other internal affairs employees. Additional measures followed, which ended with the mobilization of the entire active and reserve police several days

before the Army's intervention. The police awaited that intervention with reinforcements.

#### Police Defensive Activity

During the days of the war, the police carried out their regular tasks. That means that they took care of traffic safety, maintained public order and peace, were active in suppressing crime, controlled traffic across the state border, protected people and buildings, etc. Of course, those regular tasks were carried out in special wartime conditions. Those tasks were joined by the tasks that we can call defensive ones, which took priority.

In the transition to defensive, military tasks, both active and reserve policemen had to overcome a tremendous psychological obstacle. What does this mean? They were all trained to act as humanely as possible for the benefit of the community, individuals, and property. The use of force was strictly restricted. Now, a time had suddenly come when it would be necessary to answer fire with fire. On the other side were boys and men with whom they had been friends until yesterday, but had now become not only opponents, but also enemies since the firing started.

Among the tasks of defensive significance, at least the most important ones can be cited.

When the Army moved out of the barracks and protected itself securely under armor in combat vehicles, the policemen began to set roadblocks. These were at first automobiles of all types, and then roadblocks made of overturned trees, and finally—still during the war—chevaux-de-frise and concrete cones. The roadblocks were also set up on railroad tracks and at airports. On the main roads, there were double barricades: The path of the columns of soldiers was blocked, and when they stopped, roadblocks were also set up behind the column. The vehicles and personnel were thus in a sort of trap. This greatly increased the nervousness among the officers, and they demanded that the barricades be bombed. That is where most of the foreign citizens fell.

It was necessary to defend those roadblocks with weapons that were suitable for fighting tanks. This was done either by policemen or territorial defense forces, or by both at once. That task continued for several more days after the cessation of hostilities.

In some cases, there were real battles in defending border police stations. The Jezersko border crossing only fell when the soldiers began to use cannons and did serious damage to the building, but their shots also hit the neighboring Austrian border police building. In the battle at the Holmec border crossing, two of the reserve policemen fell, among others, but they did not surrender, even though the building was being subjected to cannon fire and was completely destroyed; on the contrary, they went on a counterattack along with the territorial defense forces, and captured tens of soldiers in the vicinity of the border guardhouse. The attempt to seize the border crossing at Sentilj also failed. Armed struggles also took place at the

border crossings for international traffic at Karawanken, Gederovci, Hodos, Kuzma, Rozna Dolina, and close to Skofije. The most serious fighting was probably at Holmec and Rozna Dolina. In those border struggles, all of the border guardhouses on the Austrian and Hungarian borders and some of the guardhouses on the border with Italy surrendered.

Policemen took part along with territorial defense forces in the battles with the Army in other areas of Slovenia.

When mass desertions and surrenders by soldiers to the police and territorial defense forces began, it was necessary to take care of several thousand men: to select receiving centers, feed them, guard them, etc. Those tasks were completely new ones, and not everything went smoothly. In direct negotiations with the officers of border guardhouses, policemen, especially officers, succeeded in having most of the soldiers surrender to the police. Our people also had to demonstrate their negotiating skills there.

Some of the tasks also had to do with gathering, sorting, and guarding the spoils of war, from rifles to mines.

It was also necessary to take care of the safety of foreigners, who were on the fringe of the armed conflicts or who wanted to return home as soon as possible.

#### **Policeman Against Policeman**

The Federal Executive Council decided that the Federal police would take over control of the state border on Slovene territory, including the international border crossings, of course. They planned that only a few such crossings would be open, and all the others would be closed. Consequently, the Federal Secretariat for Internal Affairs decided that those tasks would be taken over by an Internal Affairs police brigade from Belgrade. Close to 300 policemen were assigned and immediately left for Slovenia by airplanes to Cerkle and then by helicopters to the above-mentioned border crossings and the closest border guardhouses.

The Federal policemen arrived in Slovenia in their full combat equipment, with blue army helmets on their heads. Therefore, they expected resistance. The real battles for the border crossings, in which the Belgrade police participated along with the soldiers, took place particularly at Karawanken, Sentilj, and Hodos. The Slovene and Federal police fought there. They differed outwardly only by the insignia on their caps, but internally by their combat morale. The Federal police's lack of such morale is confirmed by the fact that 252 policemen surrendered or were captured, and 33 of them broke into a shop in Fernetice, changed their clothing, and surrendered to the Italian police. The latter, after questioning them, sent them to Milan, and from there back to Belgrade by plane. Some of them also surrendered to the Austrian police at Sentilj and returned to Belgrade through Hungary.

The behavior of these policemen varied. In some cases, upon surrendering or withdrawing they left the situation at the border crossing as they had found it. Elsewhere, they behaved like uneducated hoodlums. They did the most damage at the newest and most modern border crossing, Karawanken.

#### **Some Experiences**

We have not fully studied all the experiences from the past military events in Slovenia. It will be necessary to evaluate both the good and bad sides of our activity. In spite of that, one can define, very generally, the focuses of our organizational endeavors in the future.

In all likelihood it will be necessary to adopt one of the principles that apply to West European gendarme and police forces: They have to be equipped and trained for the complete and comprehensive protection of their own forces. This principle means that those police forces have weapons and equipment for direct defense against attacks from the air and the ground. In particular, gendarmes, which in some cases are also named differently (Carabinieri in Italy, Guardia Civil in Spain, etc.), have antiaircraft, antiaircraft, and antihelicopter weaponry.

The regulation that governs police weapons specifies that the police also have antiaircraft weapons (hand mortars). To be sure, these are very numerous weapons of varying effectiveness that are also suitable for destroying all types of bunkers, aircraft of all types on the ground or when landing, etc. A revised and expanded regulation will probably have to include antiaircraft weapons for defense at low altitudes as well.

This, however, depends on further (security) developments on the territory of Yugoslavia, on the financial capabilities of Slovene society, and also on the decisions of the competent authorities.

All of this will require certain changes and extensions in the area of training policemen. It will be necessary to give a definite emphasis to military training, which has been slightly declining for the past 15 years in favor of more specialized professional education.

The present organization of the police, from the detachment level to its leadership in the Ministry of Internal Affairs, will be thoroughly studied, and if necessary, changes will ensue.

#### **Economic Aspects of Conflict Discussed**

*91BA1023A Duesseldorf WIRTSCHAFTSWOCHE  
in German 9 Aug 91 pp 16-23*

[Article by Hans Jakob Ginsburg and Annette Ruess: "More Brutal Than Weapons: Yugoslavia's Civil War Upsets All of Europe; Economic Decline in the Balkans Threatens To Destroy the New Peace Order"]

[Text] When the Serbian nationalist Gavrilo Princip shot Austria's heir to the throne in Sarajevo in the summer of

1914, British Foreign Minister Sir Edward Grey sighed his by now proverbial comment that the lights had gone out over Europe. Thereafter, with only short interruptions, Europe had turned into a highly explosive continent for almost three quarters of a century. It didn't return to peace until the end of the Cold War, an event signed and sealed at the CSCE-Conference in Paris last November. From then on, war in these latitudes seemed quite out of the question.

Yet the clamor of weapons from the Balkans can be heard once more only a few hundred kilometers from the Bavarian border, something that affects all of Europe and especially Germany. About 600,000 Yugoslav citizens hold jobs in Germany ranging from bank directors to menial laborers and they show almost no nationalist sentiments, instead they voice disgust with the uncompromising attitudes of politicians back home.

The stability gained by the fall of the wall and the end of the Warsaw Pact threatens to fade. This could scare away international investors. It was a warning sign, that the Vienna Stock Exchange fell by seven percent at the end of June when fighting broke out in Slovenia, the republic bordering Austria.

The German garment industry is already dealing with real problems. Until now, Yugoslavia has been its most important trading partner in the so-called passive job contract industry. In 1990, over a third of all garments assembled abroad under German contracts came from Yugoslavia—goods worth 2.2 million German marks [DM]. No delivery problems have surfaced yet, but transport insurance firms have already abandoned the by now risky business. Businesses concerned are starting to react: Hugo Boss AG is in the process of evaluating whether or not to maintain its production in Croatia and Slovenia; the Willy Bogner GmbH cooperates with only one firm in Slovenia and has withdrawn from the rest of Yugoslavia.

It is justified to distinguish between Slovenia and the rest of Yugoslavia. With the federal army gone, Slovenia has in effect become independent. The republic of two million people, located at the south side of the Alps, has a good chance of escaping the wretched situation in the Balkans because of its ethnic homogeneity, its democratic political structures, an industry that already sells a third of its production on the world market, and a mentality conducive to doing business: "The Slovenes are the Swabians of Yugoslavia," comments an expert on Yugoslavia.

Slovenia owes its success in the export market and its high productivity not only to its industrious and well-trained citizens, but also to a typical low-tech industry: steel, electrical appliances, and textiles. Economic data taken from the northwestern region over the past 10 years show that the region has outperformed the rest of Yugoslavia. That is why reform-oriented, communist President Milan Kucan was accused of having led his

country out of the Yugoslav federation only for economic reasons—namely that Slovenia didn't want to share any more with its poorer brothers in the South.

But before things can get better for Slovenia, it has to face the threat of economic setback. Exports to the southern republics of Yugoslavia are now only possible by secret means, money has become scarce, international lines of credit are in danger or even cut off, and it will be years before the European nations will accept Slovenia into its community.

Yet, in comparison to its neighbors, Slovenia is doing very well. Serbia's communist leadership has destroyed the fragile balance of the multination state out of a sense of national hubris, but more so out of a need for political survival. Because popular anger was not directed against the nomenklatura, but rather against Albanians and Croats, it is possible for the communists in Belgrade—as it is for no others west of Moscow—to hold on to power. Their only threat comes from an opposition more nationalistic sounding than the government itself.

But not only the Serbian leadership around President Milosevic has upset the peace of Europe. The government in Zagreb has added to the blood-stained chaos with a mixture of nationalism and dilettantism.

At the end of July, Croatian President Franjo Tudjman somberly asked his people on television "to remain quiet, but resolute; to forsake provocation to engage in armed conflict, but nevertheless to be prepared for war." The former guerilla leader neglected to tell his compatriots that unlike Slovenia which was able to face the federal Army successfully, Croatia, almost twice as large, was only insufficiently prepared for war. Unlike the Slovenes, the Croates had heeded the central government's plea last year and had turned in their weapons. There was no proper mobilization and no effective weapons were bought. Little wonder then that wherever fighting is taking place, Croatians feel by and large let down by the government in Zagreb.

The civil war has already ruined Croatia, whose 4.6 million inhabitants have produced 25 percent of Yugoslavia's gross national product in peace time. During the first half of 1991, production of industrial goods dropped by 21.3 percent compared to the same time last year. Tourism, the main source of foreign currency, has dried up completely. This means that Croatia's Adriatic Coast has lost \$4 billion in the tourist industry.

The oil industry, by far the most important branch of Croatia's economy, suffered greatly when all of the installations of the petroleum concern INA on Serbian soil were expropriated. This INA expropriation hit Croatia's largest industrial enterprise which produces 10 percent of its gross domestic product. The Croatian economy is suffering an overall loss of 2.7 billion dinars (more than DM200 million) through expropriation. Economic warfare is "more brutal than armed struggle," writes Belgrade's independent news magazine VREME.

Croatia also faces grave consequences from sanctions imposed by Yugoslavia's national bank. At the end of June, Belgrade's money printers excluded Croatia and Slovenia from the nation's currency circulation. Consequently many bills remain outstanding in northern Yugoslavia, something that puts many basically sound firms on the verge of bankruptcy. Employees in Croatia can expect to have their wages paid in goods. VREME speculates that employees will be paid "in refrigerators and rice rather than in dinars." In Slovenia, however, preparations are well under way to issue emergency currency.

Ivica Gazi, president of the Croatian chamber of commerce, quotes the losses Croatia has incurred through the crisis at \$4.5 billion, about DM7.5 billion—more than 25 percent of its yearly national product. The Vienna-based Institute for International Economic Comparison expects a whole series of firms to fail before long. Social problems will increase and will become exacerbated by the stream of refugees from the regions under Serbian control. Even if Croatia were to receive international economic assistance, it would be a difficult road to economic recovery.

Much worse economic prospects than Croatia's are in store for a nationalist-communist Greater Serbia as is planned by Miklosevic and his followers. Greater Serbia is to comprise the present-day Serbian Republic, the subjugated provinces of Vojvodina and Kosovo, Montenegro and parts of present-day Bosnia and Croatia—the poorest regions of a disunited Yugoslavia.

Things haven't come to that yet: The Serbian-Albanian conflict in Kosovo which started the whole mess in Yugoslavia two years ago, will soon resurface again. And at some future time it could enter the minds of the sizeable Hungarian population in Vojvodina to turn away from Belgrade. In Budapest, Prime Minister Joszef Antall has posed the tentative question if the Hungarian-Yugoslav border agreed to in 1919 is still valid in case Yugoslavia ceases to exist.

Economic sanctions against Serbia, as threatened by Bonn's Foreign Minister Hans-Dieter Genscher at the beginning of this week, are not likely to bring the Milosevic regime to its knees. Sanctions against Serbia would also be a dubious blessing for Croatia and Slovenia. The remaining parts of Croatia's industry are dependent on the part of Yugoslavia that is dominated by Serbia. Until now, 35 percent of Slovenia's industrial products have been sold to southern Yugoslavia. Even in this dreadful summer—as if to defy all the bloodshed—*intra-Yugoslavian trade has taken place via out of the way routes, and with the help of incompetent or bribed militia.*

In the same spirit, Slovenian power stations keep supplying power to regions under Serbian control, even though it would have been easy to cut off the power supply. Did this happen out of sloppiness, corruption, or simple economic sense?

To the naked eye, Slovenian and Croatian goods have disappeared from store shelves in Serbia, and branches of the Slovenian dominated Ljubljanska Banka in Serbia and its vassal provinces Kosovo and Vojvodina have been expropriated, but, according to a Yugoslav businessman, trade between Slovenia and Serbia is continuing by bartering, something that is hard to keep books on. Slovenia needs food stuffs and washing machines are acceptable payment even without proper manufacturer's labels.

Unfortunately, such pragmatism is restricted to trade. Now that Serbia has won territory in the northeast and southwest of Croatia, the Belgrade planners for a Greater Serbia are eyeing Bosnia, a republic comprising three different nationalities. An invasion of the mountainous countryside by Serbian volunteer troops or by Yugoslav Army troops could spark a guerilla war that could last for years, as during World War II. This time the opponents would be the Yugoslav army and Islamic Bosnians, the largest ethnic group of the republic, who—in contrast to their Croatian neighbors—don't even have a country they could flee to. And in the heart of Europe, right around Sarajevo, would rage a long and drawn out civil war, Lebanese style.

### Sanctions Against Serbs Seen Ineffective

*91BA1001A Frankfurt/Main FRANKFURTER ALLGEMEINE in German 9 Aug 91 p 11*

[Article by K.B., "Economic Sanctions Against Serbia Would Be Ineffective; Monitoring Difficult; Trade Already Down; Withdrawal of Economic Support Possible"]

[Text] Bonn—Business circles believe that economic sanctions against Serbia would be ineffective. On Thursday the [FRG] Federal Ministry of Economics discussed such sanctions as well. Officials in Bonn say it is questionable how effective they would be. Serbia is not an independent economic area. It is not possible to monitor at the Serbian border whether imports originated there and whether exports are destined for there; trade is monitored at Yugoslavia's external borders. Sanctions against Serbia would also be useless because there are no longer any significant economic ties against which to take action.

Today virtually all German trade is conducted with Slovenia. "There is nothing left to impose sanctions on with Serbia because that trade has dried up," says the Federal Association of the German Export Trade after contacting member firms that trade with Yugoslavia. Other than with Slovenia, there is hardly any business left. The final blow came when the FRG Government, in accordance with standard coverage rules, had to stop offering Hermes guarantees for all of Yugoslavia. Major industrial relationships that began two decades ago in connection with Yugoslavia's associate status with the

European Community have ground to a halt. That is particularly true of assembly plants in the textile and clothing industries.

A Ministry of Economics survey shows that German imports from Yugoslavia were still rising in the first quarter of 1991, by 16.7 percent to 2.1 billion German marks [DM]. However, German exports had already stopped growing. EC actions had already disturbed strong, long-term ties before the crisis broke. For instance, in order to protect fruit growers, a quota of 19,900 tons had been laid down for cherry imports from Yugoslavia.

The European Community too has a limited ability to impose sanctions in Yugoslavia. That is what Chancellor Helmut Kohl said when asked about sanctions while vacationing at the Wolfgangsee. According to Kohl, the Community is an economic organization and can intervene only with economic means. Lacking a common policy and political unity, Kohl remarked regretfully in a television speech, the EC cannot take effective action. He went on to say that Europe must learn to speak with a single voice in such crises and to act together with a common foreign and security policy. But it is clear that Kohl deliberately avoided talking about economic sanctions. The Chancellor sees the withdrawal of economic aid as a possible form of intervention in Yugoslavia if a party or parties refuse dialogue. That is the strongest weapon that outsiders can take, he feels. Without economic aid the region has no future.

Bonn expects new calls for aid from Belgrade. There are indications that Belgrade will ask for food aid from EC reserves. The FRG government has never refused aid to people in emergencies but Kohl appears to want to make it clear that aid will have conditions attached.

### Solutions to Problems of Trade With USSR Sought

91BA1030B Belgrade EKONOMSKA POLITIKA  
in Serbo-Croatian 12 Aug 91 pp 26-28

[Interview with Georgi Gerodes, economic adviser at the Soviet Embassy in Belgrade, by Verica Dukanac; place and date not given: "Controlled Abandonment of Bilateral Payments"]

[Text] The Soviet Union has long been Yugoslavia's most important trading partner. And so long as the countries traded on a bilateral payments basis, this was long a source of lucrative business, especially for Yugoslav enterprises. Thus, since 1985 visible trade has displayed an upward trend and had a share of nearly 30 percent of Yugoslavia's total foreign economic relations. In 1989, that share dropped to 20 percent, and last year it dropped to 15.5 percent. In addition to the overall drop and the transition to convertible payments, today this trade is stumbling on many obstacles. Among other things, in fact, last week's visit of Prime Minister Ante Markovic to Moscow and Prime Minister Valentin Pavlov's recent visit to Belgrade were attempts to find a

solution to the problems in mutual trade. This was also the occasion for our interview with Mr. Georgi Gerodes, economic adviser in the Soviet Embassy in Belgrade.

[Dukanac] Much of that is today a burden on overall trade relations between the two countries. I would start with the rather optimistic statement by our prime minister after the talks in Moscow in which he says that he and Prime Minister Pavlov had found the "key" to achieving the planned trade of nearly \$4 billion by the end of the year and that they "had signed a document unblocking the crisis." Does this not seem to you too optimistic a statement in view of the crisis the two countries are in? What actually has been achieved here in concrete terms, and what according to you are the main causes of the drop in overall visible trade?

[Gerodes] Perhaps it does sound too optimistic; actually, I did not participate in those negotiations, but both sides are seriously looking for solutions for the obstacles that have arisen. We planned for this year a volume of trade of \$3.2 billion on what are called the indicative lists plus \$500 million that would go to repay our debt. This means that the volume of trade would total \$3.7 billion. And I can tell you that according to the most recent figures (as of 28 June), trade in the volume of \$1.6 billion had already been achieved, but the important thing here is that only 50 percent of that trade came under the indicative commodity lists, that is, that which the two states thought they would be trading, while the other half of trade was made up of altogether new transactions on which they had not counted. But one of the reasons for the difficulties in this trade is the transition to convertible payments, although there is no debate over the basic issue that this must be our future. But we proposed that this not be done immediately and that some transitional period nevertheless be established, at least for some of the old transactions, while all the new transactions would be covered by the new payment system. The transition to convertible payments, however, is neither the most important nor the only reason for the decline in visible trade between the two countries. It is above all the economic situation in which these countries find themselves, because we have not made the transition to any new payments method with others, but we have had a decline in visible trade much the same as the situation with Yugoslavia.

Which is to say that the method of payments is not in dispute, but, precisely in view of that economic situation, certain transitional solutions have to be found so as to overcome more easily the problems that have arisen, and I would prefer to call this a mechanism for controlled abandonment of bilateral payments. And that is the basis of the talks conducted during the visit of our prime minister to Belgrade and yours to Moscow; for that matter, it was to work out that mechanism that deputy prime minister Mitrovic and members of the delegation remained there to the end of the week. What that mechanism consists of is that direct payments are not made through a separate account, but certain debts can still be cleared by canceling. And the second thing is

to establish the exact percentage that would go to repay the debt when deliveries of strategic raw materials are made from our country. After all, there are frequently disputes concerning deliveries of petroleum and gas. Your side says that this is to be put against the debt, and we say that part must in fact be paid, because then we do not have the foreign exchange to pay you for deliveries of pharmaceuticals and so on. Thus, the disputes will be removed when these matters are spelled out. This is important, because today our enterprises are also operating independently to some extent, and they need foreign exchange.

The third question has to do with the actual implementation of that mechanism. We have proposed that this go through a bank, but in Yugoslavia that is not possible, because your central bank is not authorized for commercial transactions. Solutions are being sought even here, but all in all we cannot talk about any great obstacles or slump in visible trade, because as of 25 July we had achieved 43 percent of the total planned volume of trade in the amount of \$3.7 billion. This is very good when you think of the planning habits of our enterprises, which is to perform less well early in the year and then make it up toward the end of the year.

[Dukanac] The trade, which is down to almost half of what it was in better times, is affecting the two countries differently, however. Whereas the Soviet Union is almost the largest individual trading partner Yugoslavia has, and previously accounted for a third of its total foreign trade, all of this represents only between 2 and 3 percent of your foreign trade. Does it not seem to you that all this that is being done now represents a step backward, because after all we are going back to some transitional period and postponing convertible payments?

[Gerodes] No, that is not the case. As I see it, we should have talked about a transitional period a year earlier and then we would have avoided the difficulties which we have now. The transition to the new payments system actually occurred at the worst time, when both your country and our country lacked a sound currency. But still, this is not a return to the old way, because room has been left for direct contacts.

[Dukanac] Objectively, there is no way you can collect for exports to the Soviet Union except by importing goods from that market. Does this not push that entire trade in the direction of direct bartering?

[Gerodes] Unfortunately, at this moment there is no other way, and that is the assessment of both your country and mine. After all, we have other things for this market besides what you are requesting, which is petroleum and raw materials, and you do not have the quantities of what we want most of all, which is equipment, pharmaceuticals, consumer goods. The main thing is that neither side wants to reduce visible trade, and in that situation they are seeking a way out. And the only possible way out lies in this kind of trade.

[Dukanac] Often, different numbers are used in public concerning the imbalance in that trade, that is, your debt. During Markovic's visit to Moscow, an agreement was reached on the figure of nearly \$3 billion. How do you see that as a solution to this problem?

[Gerodes] I can tell you honestly that we first of all should neither overestimate nor exaggerate that problem. This is why: We get excited when we read those frightening figures in your newspapers and magazines. But, as you see, neither your government nor your business executives get excited. And they are the people who understand these things. Those frightening figures only confuse readers, because the figure runs from \$2.5 billion to all of \$3.5 billion. I really do not know where that comes from, because we can speak about and accept only a figure of \$2.4 billion. But the following should be borne in mind: \$550 million of that debt is a credit to the Soviet Union approved by agreement. Which means that it is a proper loan at interest and to be repaid after a stated period of time. Beyond that, the Soviet Union at one time gave credits to Yugoslavia amounting to about \$1 billion, and it has been agreed that those credits would be canceled one against the other. Then this year you had a trade deficit of \$300 million, and in the meantime our banks purchased your debt abroad in the amount of some \$200 million. And when you add up all that, then the problem of the debt no longer arises. That is, we only need to work carefully here, and we are ready to settle that debt, but when the Soviet Union is discussed, we must bear in mind that this is a large economy with an immense potential and even though at the moment it may have problems with Yugoslavia concerning these payments, it is able to very quickly solve that problem. Of course, there were times when we borrowed things which we did not repay on time, but in that connection I would present the following point of view: It is precisely on that basis that some of your firms got additional business in the Soviet Union, and we consider this a normal thing.

[Dukanac] How do you evaluate direct cooperation of our enterprises in view of the increasing number of mixed and joint firms? To what extent are we actually dealing with higher forms of cooperation in production and business and to what extent only a formality and a way of getting beyond these current difficulties in trade?

[Gerodes] I think that joint ventures on real foundations of cooperation are actually the future. Industrial cooperation should also be supported at the governmental level by creating conditions for normal operation. In this process of transition to the market-oriented method of doing business, an aspect in which you are considerably ahead of us, our enterprises are not yet completely independent. So that this cooperation with the world is mainly being undertaken with little capital, and today, for instance, we have over 3,000 such mixed firms, most of them in the trade sector. We have about 120 joint firms with Yugoslavia, but this is changing constantly, because some are already going under and some are being created. So, this trend toward the trade sector is

predominant, and this is not what we would like. Although we have to admit that we have had obstacles even in the real industrial cooperation between your "Zastava" and our own automobile giant. Our law requires, for instance, that this trade must be one for one, which is not always possible to establish in current cooperation. The economy is a living organism, and it is not possible for a minister at his desk to issue an order as how this will be in the last detail. That must be done away with.

[Dukanac] In view of this systemic inclination of both your state and ours toward detailed administration, could you give us certain other obstacles making that cooperation more difficult?

[Gerodes] Just take last year's decision by your government when it prohibited the export of some of the equipment which had been ordered from your country. We suffered extensive damage on that basis, because there were cases when entire plants were delivered minus certain minor parts which were nevertheless indispensable to the operation of the plant. That is a pure example of bureaucracy. It simply cannot be done that way. That is why I am saying that the bilateral payments method, which allows such things, has no future. In global terms, you might tend toward balanced trade, but in actual life it simply cannot function so precisely. For that purpose there are measures in the system whereby you will encourage certain cooperation for one side or the other, but by no means simply cut things off like that. And your enterprises also suffered losses on that basis, because they were unable to sell those things to anyone else.

We have likewise proposed in these relations that we form a joint bank that would keep up with everything on which we agree. Negotiations had begun between our Agroprombank and your banks in Belgrade and Zagreb. A letter of intention was even signed, but all of that has come to a halt in this situation. At the same time, negotiations have also stalled concerning certain large projects such as building a gas pipeline, a subway, and so on. And then cooperation could also expand in the building of your power plants, bridges, and so on. What I mean is that we are not satisfied with just delivering raw materials, and sooner or later this will change, and if one is looking to future cooperation with the Soviet Union, then it must be taken as an industrialized state.

[Dukanac] Along the road of throwing off the legacy of the communist ideology, both countries are shaken by great economic difficulties, regional separatism, social tensions, and so on. Please draw a parallel for us, especially with respect to the process of privatization as a key prerequisite of that freedom on both the economic and political planes.

[Gerodes] Privatization is the most important, most essential, and most complicated problem that is being posed. It is not in anyone's power to solve this problem overnight. The full seriousness of this problem is nicely illustrated by the comparison (I do not know who said it

first) that it is just like producing a living egg from an omelet. I have studied your experience, and I feel that you are quite aware of this problem, although you have several theories as to how to go about it. One model has been set forth by the FEC [Federal Executive Council], Croatia is trying another model in which the state first takes over everything, the Slovenes are making an attempt with their model, the same with Serbia, and so on. Unfortunately, there is no experience with these things. It took England, for instance, 10 years to denationalize some 50 government firms. Matters stand a bit differently in our country. I can say that in the Soviet Union people still have not realized what is actually involved, because when I hear certain statements about how the market is already functioning in our country, or growing great guns, and so on, this only shows the extent of our illusions. You, then, have gone further, because you have been talking about that kind of privatization for some 20 years now, since back in the time of the attempted 1965 reform, and then again through various stabilization programs. And this is already in the minds and thinking of your people, and among other things they have had occasion in close contacts with the West to see how market economies function. Our population has not had that opportunity. There are many people in our country who use the term market to refer only to the commodity market and not also the capital market, the manpower market, the transfer of technology, and all the rest. Everything, that is, that constitutes the prerequisite for carrying a society over into a quite different system. To be sure, today there are more people who understand this than back when we began with our perestroika, in 1985.

[Dukanac] Since that period there have been quite a few economic programs in circulation in the Soviet Union. Let us recall some of them: from the program of the Ryzhkov government, then the Abalkin program, the Shatalin "500-day" program, then the program of your present prime minister Pavlov, and the most recent program of Grigoriy Yavlinskiy, which has been given quite a bit of media coverage and was drawn up in cooperation with Harvard experts. Does it not seem to you that you have an inflation of programs? Which, if any, of these programs is being applied today in your country?

[Gerodes] I have the same impression, but what bothers me most is that we have not adopted any of those programs so that I could say—this is now the long-term program of our government. After all, the program which is now being carried out by our government, and this is what Prime Minister Pavlov has been saying, is the program to stabilize our economy. And according to what I have now been reading and hearing, certain results have been achieved in stabilizing our economy; above all, the drop in the social product has been halted, and ties between enterprises have begun to come to life. Which means that those severed ties are being reestablished, because we had the same case of what is now happening in your country. That is, the task of that

stabilization program was to first reestablish the functioning of the economy as an entire system, combined with gradual transition to the market-oriented method of economic activity, but there still has been no radical change of direction toward the latter.

What Yavlinskiy has been drafting and what he was drafting jointly with Shatalin, because he was a member of that team, is a program for a radical transition to the market-oriented method of carrying on economic activity. Even today the main battle is being waged between different visions of this problem, from Ryzhkov to Yavlinskiy, and so on. That is, there is no dispute over the commitment to the market, but over how, at what pace, and at what price. And today the view has been taken that this cannot be easily done without foreign support, and I think that this is right, because we are simply unable to pay what it costs ourselves. This is in fact the goal of the effort being made with the Americans and the involvement of their experts in studying our programs. We assume that they have more experience in a market economy than we do, and any help we can get with these matters is welcome.

[Dukanac] Do you believe that that broader sense has actually been accepted in your country in view of the power centers of the old government that are still in evidence and which have actually been basing their alibi on the external enemy?

[Gerodes] Of course, here care must be taken that we do not become so excessively dependent that we do not preserve our independence in decisionmaking on political matters, but it is the business of the bodies of government to maintain that balance. Aid is indispensable to us, and my personal view on this matter is as follows: Never, only perhaps in the extreme case of war, should one be looking to the external enemy. For everything that is happening in our country, the enemy should first be sought within. We in the country are entirely to blame for the situation that has come about. Of course, there have been various programs, interests, and inspirations from outside, but that never would come to fruition if there were not fertile soil within the country. So, it is only we who decide in our country what we will do and how we will do it, and it is only we who are responsible for the overall situation.

[Dukanac] In conclusion, please comment on this sad political situation of ours!

[Gerodes] It really is sad. I have been here for five years now, and I leave at the end of August, but I can say that I came to one country and I am leaving a different one. I really am sorry, because Yugoslavia is a beautiful country, you might have lived here together in peace and prosperity, and I still sincerely hope that there will be understanding and political wisdom will win out. I have spoken to many ordinary people about Yugoslavia, people representing different nationalities, and I have never met anyone who would be in favor of this kind of warfare. I continue to think that it is the sincere desire of

the ordinary people to live together, and that is why the Soviet Union also supports that view.

[Dukanac] Your country really has an advantage here, because you are about to sign a treaty among the republics.

[Gerodes] We have studied your experience a great deal, it is in fact a task of the embassy to work on that. We have been informing Moscow about your reforms, about its successes and, of course, also failures, and there really has been a great deal that has been beneficial for us. But nevertheless, in certain of the most important political issues we are today ahead of you. I am referring above all to the conclusion of the all-union treaty which will be coming soon, because the signing will begin on 20 August. This is indeed the most important thing, and within the framework of that union we can agree on everything we want and how we want, and regulate all issues in a proper way.

Another issue on which we are also ahead of you is that we were timely in adopting a law on disassociation, that is, on republics leaving the Soviet Union. In our country, that is, this has been regulated by law, whether this is recognized or not by some people, but everyone must act in accordance with that law. That is, not merely a proclamation of a people's right to self-determination, but also establishment of a mechanism for the exercise of that right.

And in conclusion I would just like to emphasize and react to what some of your press has been writing, especially VJESNIK, about how "Markovic went to the Soviet Union for petroleum and how that petroleum will be supplied to Serbia, the JNA [Yugoslav People's Army], and so on." I want to say that that is not the case and that the Soviet Union trades only with Yugoslavia when it comes to visible trade under treaty, and how that will be distributed within the country is the business of the Yugoslav Government. And I can honestly say that we have never kept records on how much of anything we delivered to any republic. Those figures can always be obtained from your economic chambers and the Social Accounting Service. This was really an unpleasant surprise for me, as though the Soviet Union had been drawn into some relations of yours, which is not true at all.

#### Reasons for Collapse of Nation's Military Industry

91BA1061A Zagreb DANAS in Serbo-Croatian  
13 Aug 91 pp 30-31

[Article by Ivo Jakovljevic: "Bankruptcy of Military Industry"—first paragraph is DANAS introduction]

[Text] Is the civil war a cause or consequence of the financial collapse of ZINVOJ [Special-Interest Community of Yugoslav Armament and Military Equipment Manufacturers], up to now Yugoslavia's biggest exporter?

These days, the military-industrial complex in Yugoslavia is practically bankrupt. And while some people lay the primary blame for this on the Federal Government and Prime Minister Ante Markovic, whose policy of liberalization supposedly impoverished and degraded the military sector of the economy, others think that Milosevic's policy is to blame, because it led to the breakdown of the Federation, and thus of its budget as well, the result being that less and less money was received by the military industry for development. Others still single out the imperialistic policy of the United States, whose blow against Iraq destroyed one of the main buyers of the goods offered on the world market by the Yugoslav military-industrial complex. There are some very intense conclusions that follow from this sort of logic and analysis. According to some, the civil (or Serbo-Croatian, Serbo-Albanian, Serbo-Muslim, etc.) war in Yugoslavia today is the main consequence of the financial collapse of the Yugoslav military industry and of the JNA [Yugoslav People's Army] itself, while according to others that collapse is itself the consequence of the policy of war, in which certain generals have also been involved. Is there room here for the "definitive" truth?

The very term "military-industrial complex" in political terminology today means a connection between a country's arms industry and the policy of its military and government. So what is the military-industrial complex in Yugoslavia?

#### Military Lobby

According to the general definition, we could figure that what we are talking about is the total potential of the JNA, the Federal Secretariat for National Defense, the Military Service of the National Bank of Yugoslavia, and ZINVOJ (Special-Interest Community of Yugoslav Armament and Military Equipment Manufacturers), together with the military lobby in the Yugoslav political leadership. Until recently, this lobby spoke out publicly even at sessions of the Central Committee of the LCY [League of Communists of Yugoslavia] and during the work of the FEC [Federal Executive Council] and SFRY Assembly, but also in a number of less visible places and channels of influence.

Today, one could add to this picture only minor changes in the noted "channels of influence." Instead of the Central Committee of the LCY, which was in any event something different and much more serious, we now have the LC [League of Communists]-Movement for Yugoslavia, while the FEC and SFRY Assembly, just like the entire military-industrial complex, have in their own way gone (politically) bankrupt. Thus, public control over the military-industrial complex in Yugoslavia today has been essentially narrowed, while its power is concentrated in a somewhat smaller circle of generals and politicians than was the case a year ago. However, what has the economic performance of the military industry in Yugoslavia—the backbone of the VIK [military-industrial complex]—been like lately?

Data on the military-industrial complex are kept through special statistics, and even to this day this sector of the Yugoslav economy—proportionally the largest—is not included in the Yugoslav gross product (similar to the gray economy)! Still, it is possible to compile this type of data into some sort of aggregate through indirect means in order to enable one to draw corresponding conclusions. The greatest breakthrough by these data into public knowledge occurred in June of this year, for the first time since the war (or before the current war), when, for the first time, workers at ZINVOJ organized a warning strike.

At that time, it was possible to learn first-hand that there are 56 major enterprises working in the military industry, that 80 percent of them are located in Bosnia-Hercegovina and Serbia, that they employ around 70,000 workers, that they are suffering losses of 2.7 billion dinars (or around DM120 million on the black market), that 32,000 workers are receiving guaranteed pay, while the majority are "threatened by the street," that a similar fate awaits many of the 100,000 subcontractors in a thousand enterprises around the country, and that half of the military industry this year is operating at no more than 20 percent capacity!

What is the real cause of the financial collapse of the domestic military industry? Globally, the policy of detente has lowered world demand for weapons, or many buyers have in the meantime suffered a financial crisis. Because of this, competition on the world arms market has intensified, and access has been restricted for "little fish."

Nevertheless, this is the Balkans, as many are still quick to remind us. This Balkan region, Yugoslavia, is the only place on the geopolitical map of contemporary Europe where there is in fact warfare, killing, and slaughtering going on today. The demand for weapons is growing, but the military industry is bankrupt! So what is the real reason for this bankruptcy?

#### On Strike or at War

The Yugoslav military-industrial complex has two main channels of financing: exports and the Federal budget. In both cases certain solid preconditions are necessary in order to function properly.

The budget must count on a stable, rule-of-law state, the credibility of the existing system (unless it is changed by parliamentary means), and the stability of customs and tax revenues. However, Serbia was the first one to launch an economic and trade boycott against other (western) republics, whereupon they retaliated with their own measures, and the first thing to suffer from this game was the Federal budget, which has lately been replenished only by customs revenues, and that at a trickle. For this reason, the remainder of the money is printed up at the central bank and at the plant at Belgrade's Topcider.

Under such circumstances, the FEC had no choice but to "reduce budgetary spending to the limits of available

revenues," upwardly adjusted by the tolerable (?) amount of prime issue, meaning for inflation that cannot exceed an annual rate of 500 percent. Because of this, the Federal budget today contains money only for regular and somewhat rationed financing of the JNA, but not for development of the military industry. And these resources, which go to the JNA or are used to finance exports by the military industry or the development of new military projects in the country, by way of the Military Service of the National Bank of Yugoslavia and through the mediation of JUBMES [expansion not given], are currently enough to provide half of the workers at ZINVOJ only with guaranteed pay, while the majority of the others are being "driven into the streets." Finally, customs revenues provide 60 percent of the financing of even the "regular activities" of the JNA (does this have something to do with the attack on Slovenia?), while 40 percent comes from prime issue (does this have something to do with the inflation that is leading the entire country to the brink of a social explosion?).

The other channel for financing the military-industrial complex in Yugoslavia—revenues from the sale of arms and military equipment around the world—is seriously threatened, not only by the global political detente, but also by the recent defeat of Iraq in the war with the coalition of Western countries. Specifically, there have been years in which the Yugoslav military industry contributed up to \$2 billion to the foreign-exchange balance, or 10 percent of total exports. Over the past 10 years, for example, Yugoslavia has earned an average of \$800 million a year on the world market by exporting weapons and military equipment. For this reason, it is also possible to speculate that the careers of Adm. Branko Mamula or Gen. Veljko Kadijevic have been to a certain extent connected to the rise of the military industry and its competitive position in the world, just as their possible fall before long could have some connection with the bankruptcy of ZINVOJ, the backbone of the military lobby in Yugoslavia.

When Soviet President Mikhail Gorbachev presented his analysis of the reasons for the rapid transition of 80 percent of the potential of the Soviet military industry to civilian programs (for which he requested "a Western credit bridge") at the "G-7" summit in London, strategy analysts expressed some of their doubts about this grand maneuver in the pages of THE WALL STREET JOURNAL. Specifically, they attempted to show that this segment of the Soviet economy is clearly not the only one that can compete with the West, that it is not technologically superior, especially not to the "G-7" countries, and that its market value is not such that the West would have any interest in investing in the "first country of socialism." What connection is there between this and the similar case in Yugoslavia?

#### Iraqi Syndrome

Specifically, the same talk is applied to the Yugoslav military-industrial complex. However, are these really

the same types of myths? Is the Yugoslav military-industrial complex also an "empty gun," something that is perhaps demonstrated in its own way by the very bankruptcy of ZINVOJ?

In any event, one must remember that Yugoslavia is not the USSR, that it has never been nor will it ever be a great power. But ZINVOJ entered into fierce competition as part of the economy of a small country, but with relatively high political esteem (during the Tito era). After Tito, obviously, there was a decline in the esteem and standing not only of Yugoslavia, but also of its military industry and, due to the concurrence of events, of the very idea of nonalignment, on the basis of which ZINVOJ got much of its business from developing countries. But after the victory of the Western coalition in Iraq, the Yugoslav military industry experienced its final setback from which it will apparently never be able to recover, at least not in its current structure or with its past business and political philosophy.

Even today ZINVOJ is an operation that can produce 400 different instruments and systems of weaponry and military equipment and which at present can still provide 70 percent of the total needs of the Yugoslav armed forces (90 percent based on its own development, and 10 percent from foreign licenses). However, ZINVOJ is asking (the FEC!) for a "final resolution" of the question of collecting its outstanding foreign debts. These debts amount to more than \$400 million, of which as much as \$300 million relates to Iraq (while the rest is due from Angola, Cuba, Peru, Ethiopia, Sudan, Syria, and several other small countries). At the same time, the weapons, which are usually largely exported on credit, unfortunately, do in fact have market prospects. As we learned from ZINVOJ people, exports amounting to \$500 million have already been agreed to this year, primarily in new markets—in Iran, Kuwait, and Pakistan. But the domestic credit support for these transactions is still lacking.

#### What ZINVOJ Wants From the FEC

ZINVOJ is moreover the last sector—but a very important one—of the Yugoslav economy in which the Law on Associated Labor is still applied even though there are no real features of self-management present in its factories.

Most of all, it wants the FEC to guarantee the military 15.6 billion dinars from the Federal budget for the purchase of weapons and military equipment produced in domestic factories (for which there is currently no money). In addition, ZINVOJ is asking for 4.4 billion dinars to restructure enterprises that are "market-oriented" in order that 30 percent of the potential of the Yugoslav military industry can be converted to civilian and completely market-based programs, and it is asking that that money be set aside in the Federal budget (this part of which is currently completely empty) to cover \$428 million worth of hard-to-recover debts abroad, together with a moratorium on paying off ZINVOJ debts to domestic banks.

In this financial game, ZINVOJ has discretely come up against the interests of the JNA leadership, i.e., its buyers, who are counting on the same budget funds for their needs even though there is no money for them either. After all, the JNA today has put itself into a position in which it is financing its participation in this war from stockpiles (weapons, ammunition, food) and from prime-issue money (i.e., at the expense of the standard of living of broad strata of the population for years to come). In addition, the JNA's share of spending from national income is continuing to drop: from 5.2 percent in 1988 to 4.9 percent in 1989 and 4.6 percent in 1990, while this year this share could even fall to 3.4 percent, and this under conditions of a complete financial collapse of the Yugoslav economy! In a situation such as this, the JNA has agreed to reductions in spending in many areas, and even to a slower rise in officers' pay and to increasingly worse rations for troops in order to leave as much as possible for ammunition and for financing the "constitutional role of the JNA in preventing civil war."

In this whole story, however, there is only one thing that is missing that will guarantee the success of the restructuring of the military-industrial complex: the return of the JNA to a policy of peace and to the status of an institution whose job is to preserve the AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] borders of the SFRY.

#### Validity of Federal Privatization Law Extended

91BA1020B Belgrade NEDELJNA BORBA  
in Serbo-Croatian 10-11 Aug 91 p 2

[Article by B. Stepanovic: "Shares on the Stock Market, Too"—first paragraph is NEDELJNA BORBA introduction]

[Text] Instead of 18 August, as was foreseen up to now, the deadline has been extended to the end of 1992 for enterprises that wish to carry out transformation of their assets through internal shares.

The validity of the Federal law on social capital has been extended to the end of 1992, instead of 18 August as was stipulated. In this way, enterprises that have planned but have not succeeded in beginning the transformation through internal shares, will have sufficient time, since the presently existing law has been supplemented in some regulations. These changes and supplements will be the object of an assembly procedure as soon as the assembly continues normal work.

The basic innovations, as Veselin Vukotic, a member of the Federal Executive Council, explained to us, include an increase in the reduction for the purchase of internal shares, the elimination of the limitation on the number of issuances, the stimulation of enterprises that purchase in cash, and especially the fact that one can go out on the capital market with these shares as soon as they actually become external. There will be more said about all this at the end of September or the beginning of October when

an international conference on the experiences of privatization in Yugoslavia, especially through application of the Federal law, is organized with the cooperation of the Federal Executive Council and the "BERD" bank of London.

On this occasion, in the presence of world experts, the model of privatization in Yugoslavia and the possibility of its application in the countries of East Europe will be publicly promoted. In addition, in the words of Vukotic, our law has been very highly regarded at a number of specialized meetings abroad. The most important factor of all is that as many people as possible will be able to acquire capital with relatively small investments.

Precisely the opposite trends in individual republics have significantly hindered application of the law on social capital, and attempts at support practically mean a step backwards relative to social ownership. It is not possible to establish the market on collective forms of ownership, says Veselin Vukotic, and by simply proclaiming state ownership to be social ownership, its structure does not change.

Privatization has begun in about 2,000 Yugoslav enterprises, mainly successful ones, to which this model has primarily been applied. The most privatization has taken place in Serbia (mainly in Belgrade), Bosnia-Hercegovina, and Macedonia, while Croatia and Slovenia have practically suspended the Federal law on transformation; otherwise the number of privatized firms would be significantly higher.

#### Country's Energy Problems Discussed

91BA1030A Belgrade EKONOMSKA POLITIKA  
in Serbo-Croatian 12 Aug 91 pp 24-25

[Article by Dragan Nedeljkovic: "Energy: Petroleum Further and Further Away"]

[Text] It seems that there are still scraps of reason left in this country, though they are small and barely visible in the general chaos. In spite of everything that has been happening, the Federal Executive Council [FEC] the other day took up the report of the Federal Secretariat for Energy and Industry on the performance of Yugoslavia's energy budget in the first half of the year. That report offers an abundance of alarming data which under normal conditions would force the government to take drastic measures.... But where and when will conditions be normal? The assessment of the energy situation in the second half of the year, especially the fall and winter, does not allow the government to sit with folded hands even under present conditions, because there may be serious difficulties in supplying fuel to agriculture for the fall planting, with the supply of almost all types of energy to industry, and with the supply of heating fuel to the general public.

The purchase of petroleum is the biggest problem. This is not the first time the authorities have faced the question of how they are to obtain petroleum, but finding the

answer has never been more complicated or difficult. Indeed, during the first half of the year a number of unfavorable factors combined to make for imports of petroleum that were almost a million tons less than the projection in the energy budget. The war in the Persian Gulf disrupted traditional import routes and altered the bilateral method of paying for petroleum in trade with the USSR and the system of commodity lists, the illiquidity of the refineries and commercial banks, and the disruption of the foreign exchange market had a considerable influence on purchases and prices of imported petroleum, and domestic production was also down. About 5 million tons of petroleum and at least half a million tons of petroleum products have to be obtained by the end of the year.

Today, it is obviously out of place to engage in academic discussions of whether the government is responsible for imports or whether in a market economy the refineries and importers should tend to their own business. The fact that Aleksandar Mitrovic, vice president of the Federal Executive Council, is still in the Soviet Union—he went there with Ante Markovic on a two-day visit and stayed to agree on the details—eloquently indicates the depth of the problem. During the state visit, the prime minister obtained a promise of delivery of 4 million tons of petroleum, but many things were left unclear. It is well known that there has been a drastic drop in production in the USSR and a significant disruption of petroleum exports. It is not altogether clear whether the possible deliveries would be repayment of an old debt or whether counterdeliveries would have to be furnished, and of what goods they would consist. And while the “bird is still in the bush,” a specific domestic problem arises: To which state will the petroleum be delivered? The republics are “fighting” in advance for that petroleum, the commodity reserves are interested, and even the JNA [Yugoslav People’s Army] should not be overlooked. If you are superstitious, you should not think back to Ante Markovic’s similar mission last year; just after he arranged repayment of the debt in Iraq with deliveries of petroleum, there came the invasion of Kuwait, the blockade, and the war.

The competent people in the Federal Secretariat for Industry and Energy would like to see contracts for the imported petroleum and its arrival, and they are optimists concerning the domestic distribution. They have figures on consumption and refinery capacity and experience with distribution. Optimism sounds strange when it is accompanied by news about tank trucks and tank cars being hijacked, other people’s property being “captured” in transport between republics, gas stations are appropriated, the valves of the oil pipeline are turned off, and special taxes are being introduced. It seems that everyone with a weapon in his hands, in a uniform, wearing a mask, or in civilian clothes can obtain gasoline or diesel fuel.

But that, although it is reality, is another topic.

The absence of the planned 900,000 tons of crude petroleum was hardly felt at all on the market during the first half of the year. We say “market” only for lack of a more appropriate term for the actual situation at gasoline stations. On the one hand, petroleum enterprises made up for the shortage of deliveries from refineries with imported products, and at the same time consumption was drastically reduced.

Total final consumption of petroleum products was down 12.5 percent, and diesel fuel, motor gasoline, and primary gasoline were down by marked and unusually high percentages. At first glance, one would say that two decades after the first petroleum crisis the key had been found in Yugoslavia to conservation and more optimum consumption of petroleum and petroleum products. As is usually the case, that first glance is an illusion. Given the drop of almost 18 percent in industrial output, dead tourism, almost dead transit traffic, and markedly reduced domestic transportation, consumption of petroleum and petroleum products was very high. The first estimates show that the Yugoslav economy has never consumed energy in general or petroleum products so inefficiently.

Energy consumption in industry is five- to sixfold higher per unit of the social product, per physical unit of output, or per ton than it is in the advanced countries, which means that every product is that much more expensive and that much less competitive with respect to energy costs.

There does not seem to be even any point in discussing prices of petroleum and petroleum products on the domestic market. They simply broke away, although it would be more apt to say that the republics took over jurisdiction without authorization. The Federal Executive Council, perhaps out of inertia in carrying out its concept of reform, and perhaps in order to get rid of a jurisdiction in which nothing was respected anyway, adopted a strange decision: It allowed the refineries to set prices without restriction. Such a decision would be quite natural under market conditions, i.e., if consumers could choose from which firm they would get their supply. In the absence of competition, both domestic and foreign, when in every republic a sensitive and important commodity can be purchased only from one firm, and that firm is owned by the state (the republic), this is out-and-out aid to the monopoly.

The fact is, however, that the legal jurisdiction of the Federal Executive Council over the prices of petroleum and petroleum products has not meant anything for quite a long time now. The republics have introduced their own taxes and contributions, and they have been ignoring the inspectorates and threats of the FEC. At the beginning, one at least knew that contributions for highways and certain purposes were being introduced, but later there were all kinds of things: from social welfare to taxes for no stated purpose, but applied to the base price of imported petroleum and the refinery price

of the product. Now, even that has been lost, largely in fact under the pressure of reality.

Given the disrupted flows of imported petroleum, illiquidity, and the black market sale of foreign exchange, what is called confirmation has come to have a considerable share in the prices of imported petroleum. What we find behind that term is the lack of confidence of foreign suppliers toward Yugoslav enterprises and banks—they do not accept letters of credit unless some foreign financial institution confirms that the purchase will be paid for. All of this together has helped to make a situation in which it simply is not possible to keep up with financial flows and prices at which petroleum is purchased, and it is not possible for the refineries to incur new losses. Not only are the republics not allowing that, but for them the nationalization of petroleum is above all a source of revenues for other purposes. And those purposes do exist.

It is not altogether clear how the statistics will in the future track and record the movement of prices of petroleum products. Yugoslav prices are obviously something in the past that is of interest to no one. Presumably, there is even no need to explain what it means to have differing prices of petroleum and products, power, and coal from one republic to another. Even if the present barriers are overcome, the political decisions concerning boycotts and suspension of relations between the republic economies, these differences will soon evoke demands for customs and tariff protection. But that is also another topic.

This topic of ours—how to obtain petroleum and will there be petroleum products on the market—does not allow for the framing of definite conclusions. It is a fact that in Yugoslavia, whatever state there will be and however many of them there will be, being out of step with the rest of the world will still be the common denominator. Both when petroleum prices rise on the world market and when they fall, both when the market is stable and when there are disturbances, prices for Yugoslavs will consistently hold to only one direction—upward. If a decline of industrial production and lighter traffic are a formula for lower consumption of petroleum and energy in general, then it is possible to even save on the estimated \$1.25 billion for energy imports in the second half of the year. Perhaps we might even go so far as the exploit of a neighboring country's government, which raised the standard of living of its inhabitants 50 percent in just six months: In the wintertime, they were hungry and they were cold, but in the summer they were only hungry.

#### Trade Payment Problems Between Croatia, Serbia 91BA1043A Zagreb VJESNIK in Serbo-Croatian 17 Aug 91 p 6

[Article by Vesna Antonic: "Who Is Not Paying Whom?"]

[Text] According to what HTV [Croatian TV] showed on the program "TV Choice" on Thursday evening, Croatia

is now being blamed for the blockage of payments as well.

That is, a representative of the Serbian SDK [Social Accounting Service] appeared on the daily news program of TV Belgrade and accused the Croatian SDK of blocking the payment of bills to enterprises from Serbia. But, whether everyone likes it or not, problems with payments began when Serbia adopted "protective" measures against Slovenia and Croatia.

Recently, Bogumil Cota, general director of the Croatian SDK, announced that recently more and more enterprises from Croatia are saying that payments to them are being stopped in the Serbian SDK. There have also been quite a few examples where a debtor from Serbia has really wanted to pay his debt, has brought in all the necessary documentation to the proper SDK, but that institution itself halted the payment. Cota also said that they have a document, for example, showing that in Vojvodina a bill from "Standard Konfekcija" was crossed out and replaced by a new bill—a bill from some Serbian enterprise to which the entire amount sought by the parent enterprise in Zagreb was paid. Some cases have been reported to the Yugoslav SDK, but it has been unable to do anything to prevent this.

The representative of the Serbian SDK has also been forgetting a Federal law (or he feels that it does not apply to the most democratic of all states) whereby enterprises from one republic may not open revolving accounts in other republics. For example, the Serbian SDK should, by order of the Yugoslav SDK, have closed the revolving accounts of the public enterprises "Plitvice" and "Suma Krajina," which were illegally opened in the branch of the SDK in New Belgrade. What is more, employees of the Yugoslav SDK were not allowed to examine the documentation used in opening the account, so that they were unable to learn at whose request they were opened at all. In any case, judging by all appearances, that branch in New Belgrade will go down in history for the hanky-panky and illegal opening of various accounts of Croatian enterprises. That is, according to Cota, certain Croatian enterprises are (illegally) opening accounts in that branch so that their transactions go through accounts in Serbia and not Croatia.

As for the debts of the Republic of Croatia, an analysis covering the period from 1 January to 31 June and 3,000 enterprises says that Croatia has receivables of 108 billion dinars from other republics, while Croatia's payables to others amounts to about 89 billion dinars. According to the figures that have been obtained, most of this is owing in Serbia—more than 12 percent of the total payables, or more than 8.5 billion dinars. Serbian enterprises owe trading partners in Croatia 4.597 billion dinars more than they have coming from them, and the negative ratio is increasing month by month, and the share of the Serbian economy in total business relations of Croatian enterprises is shrinking. Figures on the total

value of sales and purchases show that in the first six months of the year Serbian enterprises had a share of 10 percent of the value of sales and 9.3 percent of the value of purchases and are ceasing to be significant trading partners of the Croatian economy. The Croatian economy has sold Serbia more than it has purchased from it, a difference that amounts to all of 5.894 billion dinars, and of that amount all of 78 percent has gone uncollected!

### Slovene-Hungarian Economic Cooperation

*91BA1054A Ljubljana DELO in Slovene 13 Aug 91 p 4*

[Article by A.A.: "Larger Transactions With Private Individuals"]

[Text] Will Slovenia slip on the brink of vigorous commercial competition in the Hungarian market? If we were to judge by last year's \$700 million worth of trade between Hungary and Yugoslavia, we would have to be restrained in making a prediction. If we took into consideration the catastrophic decline in interest in vacationing here, we would have to be deeply concerned. We could be satisfied with the successes of Jeklotehna from Maribor, which has built two office buildings and the Korona Hotel in Budapest, since because of their quality it has also received an offer to build the Kempinski Hotel. The new Ljubljanska Banka representation and the imminent reorganization of the Gorenje representation into an autonomous Gorenje organization also permit optimism.

Since 1 January 1991, Hungary's market liberalization has offered special benefits. In establishing a wholly owned or joint enterprise, it is no longer necessary to submit proof of the origin of foreign exchange invested in the basic capital. Foreign investors who intend to use profits for further investments in an already existing or new enterprise in Hungary do not have to deposit the basic capital in convertible currency, but rather in forints. There are rather substantial tax benefits for further investments.

Mirko Leskosek, the head of the Gorenje representation in Budapest, has quite recent experience with respect to establishing an autonomous enterprise in Hungary. Gorenje, in fact, will be the first to convert a representation into a limited-liability company. What will be the advantages of the new enterprise?

"So far, East Gorenje has not had the kind of autonomous enterprise in the East that it has in the West. This will be the first one. More favorable possibilities for establishing an enterprise arose in Hungary when they passed new legislation and a general liberalization occurred in the market."

According to him, from now on Gorenje KFT (KFT is the favorite abbreviation for limited-liability company) will have more opportunities for business, sales, warehousing, consignments, and servicing. So far local small businessmen, of which there are more every day, have

not been able to order our products in Velenje.... Now they will be able to order smaller quantities from the new enterprise and pick them up from a warehouse in Budapest. "Although we have agreements with Hungarian servicing organizations, as a representation we have been almost unable to influence their work, and consequently their performance is worse every day. We hope that with the new form of doing business their work will improve; this is very important, since there are already half a million of our products in Hungary. About 70 percent of the household appliances in Hungary are from Gorenje," Mirko Leskosek states.

"The changes are really big. The large systems are now collapsing. Private individuals are quick (last year there were 15,000 of them, and this year there are already 7,000 new ones), but they do not yet have enough capital for us to conclude larger transactions with them. Slovenia has great possibilities for cooperation with the Hungarians, who can distinguish well between peoples in Yugoslavia. I think that they are favorably inclined toward us, in both human and business terms. Hungary is one of the first countries from which, in my opinion, Slovenia could expect sympathy and support," Mirko Leskosek thinks.

### [Box, p 4]

"Recently there have been many difficulties in banking transactions between Hungary and Yugoslavia," stated Slavko Begic, the Yugoslav Economic Chamber's representative in Hungary. "Among the Yugoslav banks, the Hungarians only still have confidence in Ljubljanska Banka."

### National Market Remains Important for Slovenia

*91BA1007A Ljubljana DELO in Slovene 10 Aug 91 p 3*

[Article by Ilja Popit: "Southern Market Remains Important for Slovene Economy"—first paragraph is DELO introduction]

[Text] SDK [Public Auditing Service] survey on Slovene sales and purchases in the first half of this year: Few differences from last year's trade; Slovenia is due more than it owes.

Ljubljana, 9 Aug—The Yugoslav market is still very important for Slovenia. Although there are no data on whether the real volume of trade for the first half of this year is equal to last year's (the data on the decline in production indicate that it is not), it is important that Slovenia preserve its commercial ties with the Yugoslav market as much as possible, in spite of the political frictions.

This, in fact, was shown by a recent survey that was conducted by the Ljubljana center of the SDK in Slovenia, which determined that during the first half of this year Slovene enterprises sent 23.8 percent of their sales to other Yugoslav republics, while that proportion for all of last year was only somewhat higher, since it then

amounted to 24.7 percent. Since the proportion of sales in Slovenia did not change in the meantime, the difference went into exports. Last year, in fact, 17.9 percent of Slovene sales went into exports; this year it was 18.8 percent.

If we judge this change in terms of certain extremist Slovene political positions that claim we should forget the Yugoslav market immediately and aim entirely at foreign exports, we can also see in this year's small change both the failure and the persistence of such a policy of withdrawal.

The Service has also prepared a more detailed breakdown by republics of how much was sold where and how much was bought where. In doing so, it determined that at this time, purchase and sales relations with Montenegro, Macedonia, and Vojvodina have not essentially changed. There was more trade in the Croatian market, and to some extent in the Bosnia-Hercegovina one as well, but there was a decline in relations with Serbia proper and Kosovo.

Thus, of last year's total Slovene sales, 12.3 percent went to Croatia, and this year 12.5 percent at mid-year; the share that went to Serbia proper declined from last year's 4.7 percent to 3.9 percent; Bosnia-Hercegovina's increased from 3.7 to 3.8 percent; Vojvodina's declined from 1.6 to 1.5 percent; Macedonia's declined from 1.5 to 1.4; Kosovo's declined from 0.6 to 0.3 percent; and Montenegro's share remained 0.4 percent.

There are similar differences with respect to purchases, in which Slovenia made 10.6 percent of all its purchases last year in Croatia. This year that amounted to 10.7 percent, while purchases in Serbia proper shrunk from 4.6 to 3.5 percent.

The other aspect of Yugoslav trade, of course, is payments. As in many years past, the Service again determined that Slovene enterprises were paying more quickly for purchases in other republics than payments were being made from other republics for purchases here. Of course, our enterprises' debts of this type in other republics are not small, either, since at the end of this June they amounted to 10.2 billion dinars. Slovene claims on buyers at that time amounted to 23.6 billion dinars, which means that Slovenia's net claims, i.e., the difference between claims on buyers and obligations to suppliers, amounted to 13.4 billion dinars. Once again, the largest surpluses come from our claims on Croatia, i.e., the area with which we trade the most, since they amounted to 5.85 billion dinars. Our surpluses are lower in trade with Bosnia-Hercegovina, where they are 2.83 billion; then, in third place are our surpluses in trade with Serbia proper, which were 2.13 billion; in trade with Macedonia, they were 1.06 billion, in trade with Vojvodina 0.75 billion, in trade with Montenegro 0.43 billion, and in trade with Kosovo, 0.33 billion dinars.

### Status of Business Operations in Libya

91BA1043B Belgrade BORBA in Serbo-Croatian  
23 Aug 91 p 16

[Article by Ejub Stitkovac: "Big Jobs—Big Trouble"]

[Text] There are 30 Yugoslav enterprises working in Libya at the moment. Most firms are doing construction work, but this does not mean that there is no transfer of technology and that the most up-to-date installations are not being built, such as the Ras Naluf Petrochemical Complex, where even today there are 500 Yugoslav engineers and technicians who will be working on the second phase of that complex.

We talked about the involvement of Yugoslav firms on this very discriminating and broad market with Eng. Stojan Brankovic, director of the representative office of the Economic Chamber of Yugoslavia in Tripoli, who said that the current business of Yugoslav firms is worth more than \$2 billion and they are competing for projects with a value exceeding \$6 billion. If they get at least 10 percent of that business, this would mean earnings of \$600 million, which is quite a large sum by our standards.

Following those encouraging figures, we turned the conversation on certain topics frequently mentioned in the Yugoslav press—payment, project completion, and future economic cooperation....

"There are projects which have been partially paid for because of objections to the quality of work and documentation that is not in order, but some of the jobs have not been paid for because Libya is overburdened in its development. This country receives 94 percent of its revenues from petroleum. Thus, much of this depends on the price of petroleum," Brankovic says.

He mentioned the figure that all Yugoslav firms are owed about \$250 billion by Libyan trading partners for jobs they have completed. Certain firms in the world, however, are owed much more. What is more, Libya is the only country which does not require Yugoslav firms to grant it credit when it wins contracts. Frankly speaking, the delay of payments in a way becomes a kind of credit financing, but this is still a milder form.

Regardless of all that, few firms are leaving the Libyan market. Even firms which have no more work do not withdraw for a time, but leave their representatives here to follow this market and bid on jobs, Brankovic says.

"More and more firms in Libya are becoming private, obtaining capital from banks. Libya is caught up in the fever of a market economy which is trampling on everything that is typical of production and distribution by the state. That means that we must also offer what is competitive. There is no friendship here. It will be a great relief to us that the Libyan General People's Committee (the government) has adopted a decision to conduct payments with foreign countries not only in terms of petroleum, but also in cash."

How do the Libyans look on Yugoslavia as a business partner in view of our present situation? we asked Brankovic.

"Viewed from the political angle, Yugoslavia has always been welcome here. Even now, the Libyans see Yugoslavia the way they have seen it for the last 20 or 30 years, that is, as a friendly country. They have great difficulty realizing that the existence of Yugoslavia as a state is in jeopardy. They feel sympathy for us."

"In Libya, there are about 6,000 workers from our country who over the next 10 years or so will have trouble finding jobs in Yugoslavia. In this specific case, this country is for now a way out for them. At this point, Libya is even more mindful of us, aware that we are having difficulties in the country which among other things have impoverished our banks. That is why the problem is arising of the guarantees that are necessary in any transaction abroad."

Most of the talk in Libya at the moment is about the great man-made river, or, as it is called, the "River of Life." Is it possible that Yugoslav firms could also earn some money on that project?

"Yugoslav firms were not involved in the actual construction of the 'Great River' and its feeders, which are for meters in diameter. The separate pipelines were built according to American technology, but the work was done by Koreans under the supervision of the Americans. This is a large project. It should be borne in mind that Libya is sevenfold larger than Yugoslavia, and geophysical explorations have shown that there are immense amounts of subsurface water, and this will now be used. The Great River will make it possible to grow things in the desert and to establish timber and fruit-growing complexes."

Yugoslav firms have important opportunities to get contracts concerning water distribution from the supply lines in the cities. Thus, "Hidrogradnja" has signed a contract worth \$135 million to bring water from Syrte to the eastern region of the country. It will be doing the same from Tripoli to the Tunisian border. That river, incidentally, will be one of the wonders of the world.

Brankovic also mentioned the project of the "Melita" Thermal Electric Power Plant for which "Energoinvest," along with "Energoprojekt," PIM, and "Hidrogradnja," competed. That project is worth \$1.8 billion. Only Yugoslavia and South Korea are left in contention. A railroad running 1,000 km has also been designed. A highly competent world institution has judged it to be superb. We have objective opportunities to do work, Brankovic says, but this does not depend only on business executives, but also on overall political events in Yugoslavia.

### Changes in Customs Duty Collection Proposed

*91BA1020A Belgrade NEDELJNA BORBA  
in Serbo-Croatian 10-11 Aug 91 p 2*

[Unattributed article: "Proposal From the Federal Customs Administration: Rates Like in the European Community?"—first paragraph is NEDELJNA BORBA introduction]

[Text] The Customs Service has been converted into a collector of money for the budget and is involved in other less essential activities, but least of all in protection of domestic production, although this is its primary mission.

The whole task of taxing imported goods, according to a newly proposed system, should last only a short time and not 10 days, as is now the case. First calculations indicate that customs rates in Yugoslavia can be close to or even below those that the European Community (EC) member countries have for the same products, Dr. Radosav Sekulic, director of the Federal Customs Administration, points out.

The Yugoslav economy has had and still has large losses because of the method of work in the Customs Service. This Federal institution has practically been converted into a collector of money for the budget and is involved in other less essential activities, but least of all in protection of domestic production, although this is its primary mission.

The basic criticism of businessmen, as far as customs operations are concerned, is reduced to the fact that this procedure is "complicated by many documents and papers." In addition, Customs is involved in a number of activities that are the responsibility of the Secretariat for Economic Relations With Foreign Countries, the Economic Chamber, the National Bank of Yugoslavia, and other institutions with clearly assigned and specific authority.

"Our proposals," says Dr. Sekulic, "for increasing the efficiency of customs work provide for, among other things, a uniform customs document that will also be valid in the EC. This assumes, for example, that customs duties will be levied on goods upon their arrival and that the goods will be delivered immediately to the buyer. Naturally, the party who receives the goods should pay customs and other duties in an equally timely manner. In this way unnecessary delays would be avoided and goods would go quickly to the recipient."

The benefits of such a change would be manifold, claims Dr. Sekulic. For example, customs and other obligations reaching 34 percent are now in effect in our country, and about one-third of those sums were paid last year. However, if the EC customs rate, which is 16 to 18 percent, is applied, and if it is actually paid, then two important aims would be achieved: first, a rate provided

for in GATT regulations would be realized; second, but no less essential, total customs payments would increase by 50 to 60 percent.

The fear that the simplification of customs formalities would leave many customs officials without work is unfounded, says Radosav Sekulic. Personnel that would be freed up will be employed primarily in checking the export of goods and money in the country from domestic and foreign physical enterprises. In this way the control function, which is now quite neglected, would be handled in a correct manner.

The proposal on the reorganization and the methods of work of the Customs Service would also bring about a greater focus on the protection of domestic production.

This is essentially the most important mission of Customs. It is also foreseen that customs and other duties will change more often in relation to the real situation on the market for individual products. The impression is that domestic businessmen, as well as our customs officials, are not yet convinced of the great positive effects it is possible to achieve in this way, claims Dr. Sekulic.

All the proposed changes in connection with the role and methods of performing customs functions will have full meaning only when existing political and economic controversies throughout the whole country are resolved quickly. Because only in a peaceful country and an equally peaceful economy, points out Dr. Sekulic, can one speak about uniform customs rates or, if interested parties agree on it, about an eventual customs union.

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